Daily Report

Latin America

FBIS-LAT-93-222
Friday
19 November 1993

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FBIS-LAT-93-222 *19 November 1993*

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Menem, Wasmosy, Lacalle Comment at Press Meeting

PY1811133793 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1836 GMT 17 Nov 93

[Text] San Carlos de Bariloche, 17 Nov (NA)—[Argentine] President Carlos Menem said this morning that from forums such as the 49th Annual Meeting of the Inter-American Press Association [IAPA], "we will try to end in the continent all sorts of attempts to exert pressure on the press, or to limit or mutilate press freedom, because this would be like mutilating the natural right to freedom."

President Menem made these remarks during a short news conference at the local airport upon arriving from Buenos Aires. He then left for Llao Llao Hotel, where at 1200 he opened the meeting of the Americas' newspapers owners and editors.

Menem explained that, unlike other governments of the region, "Argentina is not adopting" rules or new sorts of pressure against the press similar to those that have been reported in the IAPA meetings held on 15 and 16 November.

Menem told the journalists: "This is certainly not an Argentine problem and you can see that because you work in this field."

Menem arrived at San Carlos de Bariloche Airport at 0917. Together with him in the Tango-1 presidential plane were Paraguayan President Juan Carlos Wasmosy, Uruguayan President Luis Alberto Lacalle, those two countries' foreign ministers, and Rio Negro Province Governor Horacio Massaccesi.

Menem and his entourage were welcomed by the town's mayor, Maria del Rosario de Costa—who is a Menem supporter—and the IAPA authorities, headed by the president of the committee that organized the 49th annual meeting, Jorge Fascetto. Fascetto is the owner and editor of the Buenos Aires newspaper DIARIO POPULAR.

After the usual greetings and the military honors rendered to the three presidents by members of the local garrison, Menem, Lacalle, and Wasmosy boarded the bus that took them to Llao Llao Hotel, where the opening ceremony was held.

Before leaving the airport, Menem invited Lacalle and Wasmosy to greet the journalists and then held a short news conference.

Lacalle expressed his satisfaction because "during these days we are going to be mingling with the media; we are going to discuss this relationship that at times runs into rough waters, but it is a dynamic and necessary relationship for democracy."

For his part, Wasmosy recalled that he visited Bariloche for the first time on his honeymoon, and he expressed his hope that "everything will go well on this second honeymoon, but with the journalists." This remark made Menem and Lacalle laugh, with even a "hey, hey" from the Uruguayan president.

In addition to his other remarks about the need to eliminate any type of regulation of the continent's media, Menem referred to NAFTA, the Mercosur [Common Market of the South] obstacles, and the problems with Paraguay over the Pilcomayo River. Regarding the definitions that have to be made within Mercosur, Menem said: "We are working on it, and during the next meeting of presidents we can continue to advance this initiative on the basis of the reports that will be submitted by our foreign and economy ministers." "Of course," Menem said when he was asked if a political decision would be made in order to eliminate the obstacles to the progress of Mercosur, and he stated: "Internally we want the rate at zero, and as to the external rate, well we will see at what rate it will be set." Regarding the possible approval of NAFTA, he said: "The three of us are awaiting a favorable result from the U.S. Congress," and he admitted that "a negative result would, in turn, have negative effects throughout the Latin American continent."

"We are hoping to see the United States, Mexico, and Canada strengthened with this agreement," Menem said, while Lacalle, who was next to him, showed his crossed fingers to journalists in a clear signal of support for approval.

Finally, Menem was asked whether the Mercosur obstacles are linked to the problems between Argentina and Paraguay over the Pilcomayo River.

"You know that some times nature works against man, but we are working and a solution will be implemented so that Argentina will not receive one more drop of water than Paraguay and vice versa."

Wasmosy Warns of Media 'Dictatorship'

PY1811140193 Asuncion NOTICIAS in Spanish 18 Nov 93 pp 6-7

[Article by "special correspondents" Celso Chavez and Justo P. Benitez]

[Text] San Carlos de Bariloche—Paraguayan President Juan Carlos Wasmosy yesterday made an unusual warning here when speaking about the dangers prompted by "hidden powers or interest groups that control the field of communications." He made this statement in releasing his message at the opening session of the 49th Annual Meeting of the Inter-American Press Association (IAPA).

This statement contradicted the speech made by his Argentine counterpart, Carlos Menem, who said he would rather be attacked by the press than impose some type of restriction.

Wasmosy arrived at Llao Llao Peninsula, located in the Argentine Andean Patagonia region, in the company of the Argentine and Uruguayan presidents, Carlos Menem and Luis Alberto Lacalle Herrera, respectively, to speak at the opening session of the IAPA, which includes the main publishing companies in the hemisphere.

Although IAPA members were expecting a more serious commitment with freedom of the press and the communications media in general in our country, the Paraguayan president failed to take advantage of the situation and instead made some warnings and expressed a lukewarm solidarity with reporters who had been attacked or even killed by the organized mafia.

Wasmosy said: "The dream of democratizing the field of information and communications runs the risk of being usurped by groups that control this field." He added that no dictatorship has as much power as the media to mold information. His words received the coldest silence in the hall where the most important publishers of the continent had gathered. Wasmosy stressed the media's capacity today that, multiplied ad infinitum, can exert a tremendous influence on society and become a very strong power center. He added that although in the past, in simpler and more quiet times, the relationship between those who exercised power and those who disseminated the news related to the government was much easier to analyze, today's relationship is much more complex and competitive.

Uruguayan President Discusses Mercosur Prospects

PY1811224993 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1634 GMT 18 Nov 93

[Text] San Carlos de Bariloche, 18 Nov (NA)—Uruguayan President Luis Alberto Lacalle revealed today that he had been able to obtain "an agreement in principle" with Presidents Carlos Menem of Argentina and Juan Carlos Wasmosy of Paraguay to postpone the Mercosur [Common Market of the South] summit in order "to give time" to the Mercosur negotiations on a common external tariff.

Lacalle said that the agreement had been reached during the flight from Buenos Aires to this city to attend the 49th annual meeting of the Inter-American Press Association.

Lacalle added that "what needs to be done now is to extend this agreement" to Brazilian President Itamar Franco. He believes the summit initially scheduled for 21 December would "probably" be held in the second half of January, at a place yet to be determined. Lacalle said the economy ministers now "must harmonize their positions first" before these "are approved" by the presidents. Lacalle recalled that Brazil wants "to fix a high tariff," Argentina wants "a zero or neutral tariff," while the Asuncion Treaty established in 1990 "that the maximum tariff is 20 percent." Lacalle also said the four governments "agree" that the date of 1 January 1995 which was established for putting Mercosur into operation should be obeyed.

Regarding pressures from Argentine industrial sectors advocating the elimination of the macroeconomic differences with Brazil, Lacalle said: "When the Asuncion Treaty was signed no stability was demanded." He admitted there are Brazilian industrialists "who could also be hurt by the competition." He added that he hopes "they will be able to eliminate their high inflation rate."

Lacalle admitted that the Argentine businessmen's concern is that "Brazil is very aggressive in its exports, because it has better exporting tariffs, better internal tariffs, and a favorable exchange rate." He added: "Devaluation is never the solution, because one loses in the long run." Lacalle said he is "surprised by the uncertainty of the industrialists" because "two and a half years ago they would have been familiar with the rules of the game."

Regarding Chile, Lacalle said, using soccer terminology, that Chile "plays without a fixed position" in Mercosur. Regarding the Uruguay round negotiations, Lacalle said with a big smile that "a negotiation that bears the name of my country cannot fail."

In a more serious vein Lacalle admitted that he has "a protectionist inclination," but called for "common sense, because in an interdependent world no one can survive alone." He also admitted that the countries of the region "are frightened by an agreement involving only the developed countries."

Latin American Congress on Prison Drug Use Opens

PY1711203093 Buenos Aires LA PRENSA in Spanish 16 Nov 93 p 11

[Text] The "First Latin American Congress on the Impact of Drugs on Prison Populations," organized by the Federal Penitentiary Service, has been inaugurated at the Cervantes Theater. The congress is sponsored, among others, by the Justice Ministry and the Culture and Education Ministry. [Argentine] Justice Secretary Elias Hassan, who represented Justice Minister Jorge Maiorano, spoke during the inauguration ceremony. Deputy Eduardo Varela Cid; Alberto Lestelle, the programming and coordination secretary for the prevention of drug abuse and for the antinarcotics struggle; Bolivian Colonel Walter Espejo Sandi; Prefect Adrian Riqueza; and other experts in this field from Argentina, Chile, Venezuela, Paraguay, Uruguay, and Brazil lectured on various topics in this field after the national anthem was sung and the opening ceremony completed.

Cuba

Government Said 'Unwilling' To Reach Agreement With U.S.

PA1911030293 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Nov 93

[From the "Evening Information Review" newscast]

[Text] Marcos Portal, Cuban basic industry minister, has said that despite the country's adverse economic situation, Cuba is unwilling to reach an agreement with the United States at any cost.

During an interview granted to CONTRAPUNTO, a magazine edited in Miami, Portal said he has no doubt that the Caribbean island will be able to move forward, despite the current difficult economic situation, even if the economic blockade, imposed by the United States against Cuba more than 30 years ago, is maintained.

When asked about paying indemnities to U.S. businesses and properties nationalized in Cuba following the triumph of the revolution in 1959, the minister said that the damage done to Cuba by the U.S. siege cannot be overlooked. He said that any negotiation would have to occur on an equal basis. He said there are people in the United States interested in initiating talks between both countries.

Portal said that if the blockade is lifted, Cuba would not oppose U.S. investments on the island, but that he prefers investments from countries that do not implement hegemonistic or abusive policies against other nations.

Failure of NAFTA Would Have Shown U.S. 'Weakness'

FL1811162793 Havana Radio Rebelde Network in Spanish 1255 GMT 18 Nov 93

["Our Opinion" commentary by Ariel Larremendi]

[Excerpt] [Passage omitted] In 1992 and 1993, there were reactions in favor of or against the text of the document or certain of its points, and renegotiations were demanded. In the last analysis, however, the document was approved by Canada's House of Commons and, yesterday, discussed and ratified by the U.S. House of Representatives, where it needed 218 votes to pass and received 231. NAFTA is expected to be approved in the Senate with no problems.

It is significant that this triumph of the President's action in favor of the treaty marks a strategy that can already be noted in the world economy, which is the defining of economic blocs coinciding with geographical areas: the Pacific Basin, with Japan at its head; western Europe, with the EEC; and now North America.

Many specialists thought that the tendency toward isolationism and, on occasion, the shallow way these strategic subjects were approached by certain U.S. congressmen would bring about the miscarriage of the best intentions of U.S. Presidents Bush and Clinton. Although the vote may not have proved it irrefutably, perhaps what was at stake in those House of Representatives discussions was something more than a trade treaty: a strategy for global competitiveness.

What is certain is that, as my colleague Eduardo Dimas pointed out yesterday, if Bush signed the treaty, one assumes continuity on the part of the Executive Branch of the government on these topics vital to the nation, and follow-up in the strategy on the part of the executive—and also that there exists a certain consensus in the Legislative Branch: the House of Representatives and the Senate. The contrary would have constituted a defeat of the U.S. President's ability to negotiate that would, to some extent, affect the United State's world hegemony, weaknesses which in the current times the United States cannot afford the luxury of having.

Castro Meets With Zhang Boxing, CPC Delegation

FL1811163893 Havana Radio Progreso Network in Spanish 1200 GMT 18 Nov 93

[Text] Commander in Chief Fidel Castro met with the CPC delegation headed by Zhang Boxing, member of the Central Committee of the CPC and first secretary of Shaanxi Province.

During the fraternal meeting, Fidel Castro, first secretary of the Communist Party of Cuba and president of the Councils of State and Ministers, and the Chinese delegation reviewed the bilateral relations between their parties and peoples. Fidel was interested in details of their extensive program of meetings and tours in Cuba. Fidel was also interested in details about Shaanxi Province and in China's experience in building socialism.

Robaina, Jamaican Counterpart Discuss Development

FL1911025693 Havana Radio Rebelde Network in Spanish 0000 GMT 19 Nov 93

[Text] Jamaican and Cuban foreign ministers, Paul Robertson and Roberto Robaina, met this evening in Kingston to discuss the development achieved between these Caribbean nations. On 19 November, Robaina will meet with Jamaican Prime Minister Percival Patterson, and with Edward Seaga, leader of the opposition and the Jamaican Labor Party.

During yesterday's visit to Saint Vincent and the Grenadines, Robaina spoke with Prime Minister James Mitchell and Foreign Minister Herbert Young, who reiterated their support for Cuba during the current process of rejoining the Caribbean Community. Robaina replied that their hospitality is encouraging, but does not

come as a surprise because we are constantly receiving signs of the support and appreciation of the Caribbean peoples, such as by the UN vote.

Havana Cites Disclosure of CIA Plots To Kill Castro

FL1911024193 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Nov 93

[Text] A summary of CIA attempts to assassinate Cuban President Fidel Castro in the early sixties now resides in the National Archives in Washington. The 130-page report was declassified as part of the official disclosure, authorized by Congress last year, of documents connected to the murder of President John F. Kennedy in 1963. The report details plans to use poisoned cigars, fountain pens, and pills, among other methods, to assassinate the Cuban leaders, as well as ties with the Mafia to carry them out.

The report also mentions William Harvey, a CIA official who coordinated plans to murder Fidel in 1962 and 1963 by order of, according to the report, the then CIA Deputy Director Richard Bissell. The report also points out that the reconstruction of the plots is not complete due to the fact that because of the extreme sensitivity of the operations, no information regarding their planning, approval, or implementation was recorded.

Robaina: Cuba No Threat to Caribbean Tourism

FL1811194093 Bridgetown CANA in English 1817 GMT 18 Nov 93

[Text] Castries, St. Lucia, 18 Nov, CANA—Caribbean countries need not fear Cuba's decision to aggressively pursue development of its tourism sector, Cuban Foreign Minister Roberto Robaina Gonzalez has said.

He told reporters at the end of a two-day visit here Cuba was not seeking to compete with the rest of the region. "My country would never undertake any kind of process, no matter how important it might be, by doing harm to smaller countries," he said. He said Cuba knew what it meant to be small. What was important was for each Caribbean destination to develop its own "charm," so the region could take advantage of opportunities offered by multi-destinations, he asserted.

During his visit here, the Cuban official held talks with Prime Minister John Compton and other top government officials. He told reporters a joint Caricom/Cuba commission "is undoubtedly a mechanism that will allow the establishment of trade relations between those countries and Cuba, in a relationship that will not only be beneficial to Cuba, but where Cuba will modestly have something to contribute". He mentioned education, culture, tourism and sugar as areas in which Cuba could help the Caribbean.

Roundup of Politburo Members' Activities

FL1911134093

[Editorial Report] The following is a compilation of fileworthy reports on the activities of members of the Politburo of the Central Committee of the Communist Party of Cuba [PCC] carried on Havana radio and television in Spanish between 15 and 19 November.

Pedro Ross Leal, on 15 November in Santiago de Cuba, presided over the opening of the provincial session of the seventh congress of health workers. (Cuba Vision Network 2320 GMT 15 Nov)

Jose Ramon Balaguer, Machado Ventura, Abel Prieto, and Ricardo Alarcon attended the International Constitution, Democracy, and Political Systems Meeting organized by the Cuban Lawyers Union. Alarcon gave a master class on Cuban People's Government bodies. Justice Minister Carlos Amat Flores' address opened the event. (Radio Rebelde 1800 GMT 16 Nov)

Julian Rizo chaired the Union of Cuban Journalists congress session held in Camaguey Province. (Tele Rebelde and Cuba Vision Networks 0100 GMT 18 Nov)

Alfredo Jordan, assessing the fact that "Operation 40th Anniversary of the Attack on the Moncada Garrison," a Revolutionary Armed Forces operation in support of food production in Havana and Havana City Provinces that brought in over 9 million pesos, said the operation was extremely important "first of all, because it has been shown that when things are well organized, checked, monitored, motivated, and demanded, obvious results are attained." Asked by a Radio Rebelde journalist about the prospects for a number of important food production plans that exist for Havana Province and nationwide, Jordan said prospects depend to a great extent on the people of Cuba themselves, and that prospects look good. (Radio Rebelde 1800 GMT 18 November)

Machado Ventura toured Basic Cooperative Production Units [UBPC] in Cienfuegos Province to verify their efficiency, stressing that the UBPC is a form of defending Cuban social accomplishments. (Radio Reloj 2049 GMT 18 November)

Alfredo Hondal was in attendance at the ceremony where Ciego de Avila authorities awarded Chinese botanical scientist (Qiu Chinchen). (Radio Reloj 2052 GMT 18 November)

Division General Ulises Rosales del Toro chaired the 40th Anniversary of the Moncada Barracks Attack Operation and read the closing address. Candido Palmero praised the contributions to agriculture made by 14,000 mobilized Revolutionary Armed Forces troops. (Tele Rebelde and Cuba Vision Networks 0100 gmt 19 November)

Namibia Signs Bilateral Cooperation Accord

FL1811225693 Havana Radio Reloj Network in Spanish 2034 GMT 18 Nov 93

[Text] On 18 November, Cuba and the sister nation of Namibia signed a program of bilateral cooperation in public health, agriculture, and construction, until 1995. In this manner, the delegations of both countries concluded three days of negotiations during which they reviewed results and prospects of bilateral exchanges as part of the duties of the second session of the Joint Intergovernmental Committee for Economic, Scientific, and Technical Cooperation.

The document was signed by Noemi Benitez, vice president of the State Committee for Economic Cooperation, and Nicky Iyambo, minister of Health and Social Services of Namibia. Cuba presently has over 70 health specialists in Namibia, especially general practitioners and a number of agricultural and construction advisers.

Canadian, French Companies Active in Oil Fields

FL1811164093 Havana Cuba Vision Network in Spanish 2220 GMT 17 Nov 93

[Text] Canadian and French companies are actively participating in oil exploration and production in the fields in northern Matanzas Province. A Canadian firm is working alongside the Oil Drilling and Extraction Enterprise of Central Cuba in Cardenas Municipality as both seek to increase production at the wells by applying modern techniques. There are also contracts with French companies that are carrying out exploration in the area that includes the Santa Clara Bay and also in a land area.

Shutdown of Country's Largest Generator Announced

FL1911010693 Havana Cuba Vision Network in Spanish 2320 GMT 18 Nov 93

[Text] The largest, most efficient generating unit in Cuba, with an output of 330.3 megawatt-hours, will be out of service until 18 December, according to the established maintenance schedule.

[Begin unidentified official recording] We are simply conducting the routine maintenance that every plant and piece of technological equipment requires to continue operating in top form. [end recording]

All the material resources needed have been guaranteed. The work will be done by plant workers, with the support of about 100 men from Havana, Havana Province, and Cienfuegos. Six French specialists have been contracted to do the work on the turbine's regulating and entry valves. This piece of equipment requires the greatest effort, as does the air preheater and the boiler, which will be cleaned and scrubbed. Work will be conducted in two shifts around the clock in critical areas. All personnel know what to do, and every task has been discussed in detail.

[Begin unidentified official recording] We are executing a preparatory volume of work which, as you just saw, is being checked almost daily. We are maintaining very strict control over the fulfillment of each task. [end recording]

The shutdown of this unit might affect the availability of electric energy in Cuba. It should be kept in mind that none of the units in the country operate at full efficiency and reliability. However, the effect will be minimal, according to Engineer Jose Vera Rodriguez, technical director of the Electric Union.

[Begin Vera recording] The Electric Union and all plants in Cuba have prepared contingency plans so the shutdown at the Guiteras Plant will effect the population as little as possible. This plan is being quite well met, and we believe that other plants will compensate for the shutdown. However, due to other external conditions, we cannot guarantee that at certain times there might not be adverse conditions, and that this shutdown might not produce extreme situations. [end recording]

This official added that as part of the program to compensate for the energy deficit, three other units will restart their generators next Saturday. These are unit No. 2 of Santa Cruz del Norte, No. 3 of Rente, and No. 6 of Diez de Octubre.

On Sunday, the Antonio Guiteras will stop its machines and dozens of workers will immediately begin a fight against time and fatigue. Their pledge is to conduct the maintenance with high standards in the barely sufficient 27 days scheduled. This newscast will keep you abreast of this feat.

Produce Price Reform Designed To Stimulate Production

FL1811133293 Havana Cuba Vision Network in Spanish 2320 GMT 17 Nov 93

[Text] Cienfuegos farmers are spearheading the movement for 1,000 quintals of vegetables and tubers. I want to tell you about a farmer, not one of those who sells his products at high prices but one who has joined the 1,000-quintals movement and delivers his products directly to the People's Council market.

Jose Maria Delgado, from EL Paraiso neighborhood in Cienfuegos, tends a little over three hectares of irregular and rocky soil. However, so far this year, he has produced over 800 quintals and still has another 300 to harvest.

In Cienfuegos there is an extensive incorporation of independent farmers at this task although there are mechanisms that hamper their development.

[Begin Delgado recording] We take our produce, fresh, directly to the local market where we are paid a very low price, for example, plantains at 5.20 pesos. For pumpkins we are also paid five pesos and they, in turn, are sold to the population at 30 pesos. [end recording]

Beginning on 1 November, a nationwide price reform in the agrarian sector, farming cooperatives, and Basic Cooperative Production Units became effective. The 1,000-quintals movement now also includes farmers who, because of conditions and land area, cannot reach this figure. This and other measures being implemented may stimulate farmers and result in higher amounts of produce for the populace.

Construction Sector Agreement Signed With Vietnam

FL1811204893 Havana Radio Rebelde Network in Spanish 1800 GMT 18 Nov 93

[Text] Cuba and Vietnam today signed an agreement embracing all possible fields of endeavor in the construction sphere, which falls within the framework of the new dynamics of bilateral relations. The agreement was signed in Hanoi by the head of the Cuban Construction Ministry delegation, Vice Minister (Alfonso Llamas), and his Vietnamese counterpart, (Thanh Van Yun).

According to this document, the construction ministries of the two nations will examine, in the immediate future, the prospects for cooperation, including the eventual creation of mixed enterprises.

During a stay of almost two weeks in the Vietnamese capital, the Cuban delegation headed by (Llamas) also met with the heads and officials of the Ministries of Transportation and Communications, Energy, Water Conservancy, [Commerce and] Tourism, and the State Planning Committee and State Cooperation and Investment Committee.

Roundup of Economic Activity 16-18 Nov

FL1811165793

[Editorial Report] The following is a compilation of fileworthy reports on economic developments in Cuba carried on Havana radio and television in Spanish between 16 and 18 November.

Radio Reloj at 1502 GMT on 16 November reports that land for potato planting must be prepared before 31 December. Planting has begun in Ciego de Avila Province with 1.5 caballerias by the Arnaldo Ramirez Enterprise. The rest of the provinces involved in potato production are to begin planting this week. "Decisive provinces such as Havana and Matanzas are making increased efforts to reduce the lags and not further delay the beginning of the campaign." Camaguey, Holguin, and Granma are at work on 100 percent of their lands. Nationwide, only 871 of the 1,144 caballerias that are to be planted are in this phase.

Radio Reloj at 1509 GMT on 16 November reports that beginning next year, contemporary Cuban graphic arts will hold a privileged position in Europe when the Schreimer collection, one of the most prestigious in Germany, buys representative works by Cuban artists to show in Europe. Collectors Wolfgang and Stephanie Schreimer and Peter and Irene Ludwig have signed a memorandum of agreement with the National Plastic Arts Council. The Schreimers have agreed to organize an exhibit of Cuban graphic arts that will tour cities in Germany and other European countries before being housed in a graphic arts museum in Germany; the Ludwigs will create a foundation bearing their name to promote, from Havana, the art of young Cubans.

Radio Rebelde in Spanish at 0000 GMT on 16 November carries a recorded news conference by Dr. Rafael Fernandez, secretary general of the Spanish nongovernmental organization, Doctors of the World, who announces the delivery to Cuban hospitals in the provinces of Havana, Granma, and Pinar del Rio of 17 metric tons of medicines worth $2.5 million.

Radio Rebelde at 1800 GMT on 16 November reports that in the second half of 1993, 3,477 caballerias, 36 percent of the plan, were planted countrywide in the sugarcane winter planting campaign. The provinces of Matanzas, Villa Clara, Sancti Spiritus, Ciego de Avila, Camaguey, Holguin, and Pinar del Rio are the ones furthest behind.

Rebelde adds that several eastern mills will be using rotational solid fuel burners being built in Cienfuegos Province in order to increase the efficiency of the combustion process using baggase and other agrarian leftovers. Las Tunas, Santiago de Cuba, and Camaguey Provinces are scheduled to receive the burners for the next harvest.

Rebelde adds that beginning on 3 December, the LACSA airline company will add a second flight between Havana and San Jose, Costa Rica. The first began operating last October. The flights mainly carry ecotourists interested in visiting Cuban mountain parks.

Radio Rebelde at 1000 GMT on 17 November reports that the Palo Seco contingent in Las Tunas has exceeded its 1993 goal of 208,000 quintals of plantains despite losses to weather.

Radio Rebelde at 0000 GMT on 18 November reports that the distribution of the first 2,000 tons of food donated by the humanitarian agency of the EC began on 15 November. Two other shipments of 3,000 tons each will arrive later. The donation, valued at $4 million, was organized primarily in light of the neuropathy epidemic that affected Cuba several months ago. The EC has also financed raw materials to produce the multivitamin used to fight the epidemic, and other health supplies worth $2.6 million.

Rebelde adds that the German airline LTU has increased its flights to Cuba. This year, LTU has brought 26,000 tourists to Santiago de Cuba, Holguin, Varadero, and Havana. The four flights a week average 82-percent occupancy. The company also transports ornamental plants, an importance source of income for Cuba. In 1992, LTU transported 334,000 tons of Cuban products to Europe .

Radio Rebelde at 1000 GMT on 18 November reports that Villa Clara Province has completed the creation of 235 UBPC's in the sugarcane sector.

Radio Rebelde at 1255 GMT on 18 November reports that the sugar harvest has begun in Santiago de Cuba Province at the America Libre Agroindustrial Complex. Euclides Gonzalez, head of Volunteer Work for the Cuban Workers Federation in Santiago de Cuba, notes that thanks to the formation of the UBPCs, there is less need for volunteer canecutters this year. The next mill to begin the harvest in the province will be the (Torrijos) Mill, which is scheduled to begin cutting on 19 November and grinding on 21 November.

Radio Reloj at 1500 GMT on 18 November reports that potato planting has begun in Cienfuegos in the expectation of planting 50 caballerias.

Havana UJC Meeting To Send Message to Castro

FL1811133093 Havana Radio Rebelde Network in Spanish 0000 GMT 18 Nov 93

[Report by Carmen Oria]

[Excerpt] Greetings. I came quickly from the debate meeting held by students in Havana. The debates are over but not so the festivities in observance of International Students Day. Congratulations to all the students of Cuba! This was the message sent by all the Havana youth who hosted the debate meeting on polytechnic and preuniversity education.

Luis Alberto Gonzalez Nieto, first secretary of the Union of Young Communists [UJC] in Havana Province, stressed that the debate meeting surpassed all expectations in the discussion of entrance levels in agrarian polytechnic schools and other technical education centers with a worker's perspective and an awareness of the importance of being frugal and productive.

Education Minister Luis Ignacio Gomez, who was in attendance the entire time, praised the Federation of Secondary School Students [FEEM] representatives, who, he said, have proven to be on the right track and are preparing to work anywhere the Revolution needs them.

In connection with strengthening the ideological and political work in education centers and the experiences debated in the meeting, Juan Contino Aslam, first secretary of the UJC, pointed out that FEEM students, as well as their leaders and teachers, have shown an identification with a spirit of resistance and victory in order to solve provincial needs that affect each one.

We have to stress that in this debate meeting, the delegates not only observed International Students Day but also highlighted unanimously the role of teachers and the importance of acknowledging it within the community and work team.

The closing was very beautiful: The youngest delegate, a 15-year-old youth, proposed, and the plenary approved, sending a grand congratulation and salute to Fidel, our greatest teacher. [passage omitted]

* Commentary Warns of Dangers to Rafters

94CA0025A Havana TRABAJADORES in Spanish 18 Oct 93 p 2

[Renato Recio Commentary: "Invitation to Death"]

[Text] According to American sources, close to 3,000 rafters from Cuba arrived on Florida coasts last year. It is much harder to know how many did not arrive because they died trying.

Such uncertainty aroused curiosity and perhaps pity on the part of Bruce Rosenthal, the dean of marine and atmospheric sciences at the University of Miami. He and four other oceanographers and meteorologists looked into the possibility that a small craft could successfully brave the powerful Gulf Stream with its eddies, unpredictable movements, and unexpected storms.

The findings of their study, as reported by the Miami-based EL NUEVO HERALD, were set forth in a document whose title speaks for itself: "Where Have All the Rafters Gone? Roulette in the Straits of Florida. Crossing the Straits of Florida on a raft," they concluded, "is like playing Russian roulette."

The same could be said about any other type of small vessel, because the most common feature of reports from observers in Miami or Havana is the warning that the sea could pose a danger to small craft.

Nevertheless, in spite of the enormous risk that anyone deciding to make this crossing runs, some people are prepared to be pulled along by the Gulf Stream in a journey that could lead to "Transit Home" but is most likely to end nowhere.

Missing Persons

There is a group in Miami called "Brothers to the Rescue" which tracks rafters amid the immense ocean via aerial reconnaissance.

The use of aircraft to patrol thousands and thousands of kilometers and the constant radio propaganda about the activities of this group create the impression that there is a greater margin of safety for the rafters. Practice has shown, however, that making out a tiny black dot in the ocean is like finding a needle in a haystack.

Jose Basulto, the head of "Brothers to the Rescue," feels that there is only a 40 percent chance of locating a raft in the area that they patrol. What percentage of the rafters who manage to shove off from Cuban coasts reach the zone that Basulto's planes spottily patrol?

In mid-March of this year, according to a feature article in EL NUEVO HERALD, "Brothers to the Rescue" received messages that more than 50 groups of rafters

were on their way. The weather was bad at the time. They were never heard of again.

At the offices of "Transit Home," where the rafters who manage to reach the coast of Florida are taken to recover, several hundred notes completely cover two walls. The notices, which are placed by Cubans residing in the United States, seek information about relatives who have reportedly left Cuba on rafts or any other type of flimsy craft.

Fruitless Efforts

Many of the people who undertake this suicidal adventure do so after having made inquiries at the U.S. Interests Section in Cuba. Some have applied for permits to live in the United States; others have simply wanted to visit relatives. Some of the U.S. officials who handle this paperwork give the impression that they are machines programmed to say no.

The customarily talkative Cubans spill dozens of rapid-fire words to describe why they are going through these formalities, but the machine does not seem to be programmed to hear. A pair of blue eyes stares past the people who are talking, unaware that a fatal decision could well be involved.

Most of the rafters never made it to the Interests Section because they had heard that the hundreds of people applying for visas to enter the United States legally have customarily been denied them.

Several immigration agreements signed in 1984 set the number of Cubans who could enter the United States annually as immigrants at 20,000. In all of the time that has passed since these agreements, immigration has not even reached the quota for a single year.

At present visas are being denied all too often not just to people under the age of 60 who want to visit their relatives but also to many elderly people who have traveled to the United States before and have returned quite normally to their country.

Perhaps nothing sheds more light on U.S. immigration policy towards Cuba than the visas denied to individuals who had been imprisoned for crimes against the revolution. They were involved in terrorist acts encouraged by the United States and they still come up against all sorts of difficulties when they try to enter the country they served.

An Invitation to Death

EL NUEVO HERALD, "Brothers to the Rescue," and evidently the United States Government itself pretend to oppose the illegal departures that everyone recognizes as the cause of death for hundreds of people every year. But the fact is that the authorities in that country, by failing to comply with the 1984 immigration accords, are inviting such suicidal attempts, if not kidnappings, violence, and crime.

Perhaps the saddest thing of all is that most of the people who attempt to leave illegally are driven to do so by the decline in living conditions that the Cuban people are suffering, mainly as a result of the intensified U.S. blockade.

Those who manage to cross the graveyard that the Straits of Florida are becoming are pressed by circumstances into making political statements as a way of immediately receiving a temporary work permit, food stamps, and $200. The manipulation of which the rafters are victims can be seen clearly in the feature article in EL NUEVO HERALD that we mentioned.

When the scientists completed their computerized estimates of the course that the rafts leaving Cuba would probably follow, the head of "Brothers to the Rescue" asked them not to publish the map because it could help the Cuban Coast Guard to locate them, in other words, to save them from a high likelihood of dying.

Thus, by keeping a secret, Basulto disclosed another: what they are seeking is the peril of death, what they want is nothing more than to rescue a handful of castaways so that they can use them as propaganda tools against Cuba.

If the favorable conjunction of many coincidences enables a rafter to make it across alive, the microphones of dozens of radio stations await him in Miami. If he dies, he will be just another mortality statistic, a real-life victim of the silent sea.

Haiti

Prime Minister Asks for Military 'Meditation' on Army Day

FL1811174593 Port-au-Prince Radio Tropic FM in French 1500 GMT 18 Nov 93

[Text] This 18 November marks the 190th anniversary of the Vertieres Battle and is also considered the Haitian Army Day. This year, the military is not celebrating. This is rather an occasion for meditation by the military institution. It is to be observed without pomp or festivity, according to the secretariat of the General Staff.

Haitian Prime Minister Robert Malval said in a message sent to the Army on 17 November that 18 November 1993 is a moment of halt and meditation in our country's history and that it is also a time for contemplation in the juncture that has pitted us against one another. Malval further said that this 18 November is an occasion to question oneself and to make a choice:

[Begin recording] Officers, noncommissioned officers, and soldiers: At this special juncture when the government wants to have a noble thought for one of the most important institutions of our country, its last and most fervent wish is that—in addition to the strictly military disciplines for the training of professional soldiers—the Army open its field of action toward a more integral

training of its members. Military living conditions—whether in barracks or in families—have not ceased to be a subject of concern to this government that is exposed to all kinds of difficulties. Already precarious [as heard], they have worsened since our country has sunk into one of the most grave crises of its entire history. The well-being of the military—no matter what degree in the hierarchy they belong to—requires a renewal of structures so that housing, health, and the education of their children no longer constitute insoluble problems. [end recording]

On this occasion, Prime Minister Robert Malval called on the Haitian Army to submit itself to the civilian power and to get out of an atmosphere of fratricidal struggle. Politics must remain a matter for the concern of politicians. The military must stand aloof from this debate so they do not distort the game in this arena through the weight of the saber; otherwise, the very foundations of the Republic are in danger, Malval pointed out. Hoping that this anniversary may mark the beginning of a new era in the respect of the supremacy of civilian power and human rights, the prime minister concluded his address by saying: The country relies on you; you can rely on the country.

[Port-au-Prince Signal FM Radio in Creole at 1230 GMT on 18 November adds: "Contrary to tradition...no military parade has been planned."]

Beauge on FRAPH Demand for Dissolution of Parliament

FL1811193693 Port-au-Prince Signal FM Radio in French 1700 GMT 18 Nov 93

[Text] Since the events of 30 September 1991, the 45th Legislature has been ripped from Left and Right and has suffered all the consequences of the crisis, Socialist Deputy Yves Pericles Beauge told the Haitian Press Agency on 17 November, following statements by an official of the Revolutionary Front for Haitian Advancement and Progress [FRAPH] demanding the dissolution of the Haitian parliament. Pointing out that the Right has this institution is its sights, Beauge stated that it is not reasonable to dissolve an institution acknowledged by the country's Constitution. However, he added, if someone wants to lead an action against the parliamentary institution, it is possible for him to do so; but we are not going to submit ourselves to anyone.

As for the security of the parliament, Deputy Beauge said it is a state institution that is not working clandestinely and that its security falls under the responsibilities of the public security force. The socialist deputy said he did not know the reasons that prompted FRAPH officials to demand dissolution of the parliament. He refused to link this threat to the statements of some of his colleagues who had demanded the departure of Malval and the appointment of a centrist prime minister.

Trinidad and Tobago

Manning Warns of Austere Budget, Expects 'Better Days'

FL1811212093 Bridgetown CANA in English 1846 GMT 18 Nov 93

[Text] Port-of-Spain, Trinidad, 18 Nov, CANA—Trinidad and Tobago Prime Minister Patrick Manning has warned people here not to expect a sugar-coated 1994 budget. It won't be "the easiest of budgets," he said. He told a public meeting of the People's National Movement that government knew what it was doing, however, and was "extremely confident" that better days were coming. "In the same way that to make a cake you have to break an egg, as we move to economic prosperity, there is necessarily a period of difficulty," he said, adding that he confidently expected to see an economic turnaround in 1994. According to informed sources, the budget date is November 26.

Peter July, managing director of Royal Bank, has said that government faces a dilemma in preparing the 1994 budget, given the economic scenario. He noted the need for capital spending to stimulate the economy. This will have to be funded through increased revenues or increased borrowings, each having its own implications, he added. Any attempt to increase spending capacity through higher taxation will have an adverse effect by retarding or stifling growth and will send disastrous signals to potential investors, he explained. "It would be a prerequisite that benefits of improved foreign exchange flows resulting from the new exchange rate regime be sustained, if there is to be any ease in the current monetary policy stance," he said.

July, at a credit card seminar hosted by the bank, noted that overall economic growth is not anticipated in the short term. He spoke of flattering growth of 1.2 percent in the first quarter, which declined by one percent in the second quarter.

Manning Defends Need for Foreign Investment, Management

FL1811212293 Bridgetown CANA in English 2027 GMT 18 Nov 93

[Text] Port-of-Spain, Trinidad, 18 Nov, CANA—Trinidad and Tobago's prime minister, Patrick Manning, says his government has no choice but to invite private investment and management into troubled state companies. He was referring to the water and sewerage authority and the electricity company.

At a meeting this week of his People's National Movement, Manning said: "Whether we like it or not, WASA has to do its business differently, it has to be more efficient, and the water supply has to be more reliable." He said the same quality output was required for electricity. Manning said his government was doing what it

believed to be right by encouraging foreign investment in the two debt-ridden utilities.

"Some people ask why foreign investment... The reality is that in this country all the investment that is required to develop the country at an acceptable rate is just not available locally. However much we don't like to hear it, this country can do with an infusion of managerial expertise from elsewhere," the prime minister said.

There has been heavy criticism of government's stated intention to bring in a foreign management team to head WASA. Manning has written to public utilities minister, Morris Marshall, asking him to formulate proposals to address the critical water situation in and around Port of Spain. The proposals must be presented to Manning on Monday, according to a statement from the government. The statement said that in the letter, the prime minister noted that the water supply in the country appeared to have undergone some "deterioration" recently.

"Many of our citizens are understandably incensed at this poor and in many cases lack of service [as received], especially as they have recently been called upon to pay higher water rates by the public utilities commission on an application dating back to 1991," Manning was quoted as saying.

Manning asked Marshall to come up with proposals to relieve the situation. He stressed that he expected these proposals to be formulated within the context of scarce financial resources. Marshall, parliamentary representative for Laventille West, one week ago was reported as threatening to quit because of dissatisfaction with some of the government's policies regarding the utilities and his inability to deliver on his campaign promises.

Mexican Senate Trade Official on NAFTA Vote

PA1811162593 Mexico City Canal 13 Television Azteca Network in Spanish 1410 GMT 18 Nov 93

[Telephone interview with Mexican Senator Carlos Sales Gutierrez, president of the Senate Trade Commission, by station announcer Carmen Aristegui from the "Good Morning From Mexico" newscast—live]

[Text] [Aristegui] We thank you, Mr. Carlos Sales Gutierrez, for accepting our call. We would like to hear your opinion first, and then we would like you to explain what precisely will happen next in the ratification process of the North American Free Trade Agreement [NAFTA].

[Sales] Very well, Carmen. In an agreement as important as this one—an agreement in which three countries are participating—and although it does stand to reason that there are still those who might forget this, all three sides must be in full agreement for it to work. The fact that the legislative process in two of these three countries has made great progress is very gratifying. There are a number of Mexican legislators, although not all, a majority group that agrees that a treaty such as NAFTA is necessary and beneficial to the country. It is satisfying to see that it has been able to overcome one of the obstacles to its implementation.

In Mexico's case, after receiving the agreement signed by the three presidents on 18 December of last year, we have carried out a very detailed study, the results of which we will present before the Senate plenum during tomorrow's regular session. I believe this text will clarify many things for the Mexican public, because we have broken down the contents of the treaty, and the members of five committees specifically assigned to this project will offer their opinion on each issue. On Monday, we will hold the debate and complete the process, which I believe will conclude with an affirmative vote. During the negotiations process, many senators have expressed favorable opinions on the agreement.

[Aristegui] Senator Carlos Sales Gutierrez, president of the Senate Trade Commission, it would seem, and I repeat it would seem that the Mexican Senate was awaiting the U.S. Congress' decision to begin this procedure. How does the Mexican Senate determine the timetable for procedures such as the one you just described?

[Sales] We were not waiting for this decision. Nevertheless, the decision in each one of the three countries depends on the outcome of the decisions of the other two. The approval in Canada, which is pending only proclamation.... [pauses] If there is no proclamation in Canada, the treaty will not exist. If there is no approval by the House of Representatives, there can be no treaty either. If our processing of the document were to be delayed, there would be nothing. The thing here is that the procedures in the two countries seemed to coincide. I said we received the text last year. We received the supplementary agreements, however, at the end of September. We worked long and hard and completed our examination in about the same time as our U.S. colleagues. We did not know if the House vote would be completed yesterday. We had no way of knowing what the results would be or when the U.S. Senate would see it.

Nevertheless, Carmen, this is a totally dependent vote. If we vote yes and they vote no, or perhaps the other way around—the thing is that the three countries depend on the three Legislative Branches reaching the same decision. The important thing, in my mind, is that they have moved positively, as I believe we will do also.

[Aristegui] Mr. Carlos Sales Gutierrez, yesterday Don Emilio M. Gonzalez, the chairman of the Grand Commission of the Senate, said the debate will be carried out in public sessions, because these votes are usually secret or restricted. He speaks, then, of public sessions, but it will not be broadcast on television or radio. Why have you decided not to broadcast the sessions over the electronic media?

[Sales] I believe there is some confusion here. First, because the concept of closed-door sessions is one of those things that remain in our regulations, but should be removed. The Senate has never, in the practice, held any closed-door sessions. The regulations do in fact say that foreign affairs issues must be discussed behind closed doors. The parliamentary practice has been to allow the press to remain in the building while the Senate is in session, or even in the Senate hall, where they are treated as guests with an interest in the day's discussions.

What we are going to do is hold a truly open session to debate an issue as important as this. We will have the press, radio, and television present. I believe the question asked of Don Emilio M. Gonzalez was whether there would be continuous live coverage for as long as the session lasted. That does not depend on us, Carmen. If you are interested, or if some other television or radio station is interested, in broadcasting live the announcement of the decision—and we believe it might take 10 hours to read the reports—well, you are welcome to join us. You can also follow your normal procedure of taping reports during the session for to be broadcast at a later time. We are going to work as we do every day. What I think he was asked was whether there would be continual live coverage of the session, which we have not considered. We do not prohibit this, but we have not considered it either.

[Aristegui] It will be up to the authorities and the media if they so decide, but there are no restrictions in this regard.

Another interesting topic for discussion with you, Mr. Carlos Sales Gutierrez, is how you perceive the prevailing atmosphere. Obviously we, as the media, believe there will be no problems with ratification by the Mexican Senate. However, how would you describe the atmosphere and the senators' concerns? Since you have

followed the negotiations closely, you must have a clearer picture of what concerns opposition representatives or even PRI [Institutional Revolutionary Party] members. How would you describe this situation?

[Sales] Listen, with regard to the views of opposition lawmakers, I would prefer that you talk to them directly. But regarding the concerns of PRI senators, I would highlight two. First, even though people are convinced by the great public relations job done by the government of the republic, we believe that it is still no enough. We know that we still have some time to inform the public, because the treaty takes effect on 1 January. It has a long transition period, and its application and effects will be seen in the medium and long term.

However, we think—because we represent states in different stages of development and different parts of the Republic—that there is a need for more specific dissemination of information by region, by sectors of activity. Such information must clearly establish what activities will benefit from the treaty, what will be done by players to obtain benefits. And in those cases in which the treaty is unfavorable for some activities, we must identify what they are and what they must do to stay active.

On the other hand, we know and are aware of government programs aimed at increasing productivity, permitting better training, and supporting small and medium-sized enterprises. But we feel it is time to organize these support programs under one heading, including infrastructure, when necessary, to support efforts all Mexicans must make to take advantage of the treaty's benefits.

I would say that these are our main concerns. We are not concerned about the text of the treaty or its application, which, however complex and difficult to start, is not fundamental. The basic thing is that we all must prepare to implement the treaty. The government must do its part. Those extraordinary Mexican negotiators, who worked around the clock for practically three years and demonstrated their ability in the United States and Canada, should do the same now in Mexico. Herminio Blanco [chief negotiator] and his team should visit the States of Campeche, Sonora, Tabasco, and not just hold short, one- or two-day meetings. They should go out there for a few months and execute a real task so that our fellow citizens can take advantage of NAFTA.

[Aristegui] Mr. Carlos Sales Gutierrez, a topic that may not be as important but that attracted our attention—within the U.S. procedure, the vote was conducted very expeditiously and conveniently in 15 minutes. How will the voting be handled in Mexico? What is the practical procedure for this process?

[Sales] In the case of the Mexican Senate, as we are still few members, it is a nominal vote in which after the debate... [pauses] The rules of the debate are a little less formal than in the United States. This is because we have so few senators. If we allowed opposition lawmakers to speak for short periods, there would not be a real democratic debate. We only have three senators who belong to opposition parties. We give them all the time they want to discuss all issues of interest to their parties and their constituents. The discussions are normally long, and when they end, a nominal vote is taken. The chairman orders the secretary to conduct a roll call of all senators. Then the agreement being voted on is read, and each senator stands up at his seat, says his name, and states his vote, whether in favor or against.

[Aristegui] How long would this take?

[Sales] It would take approximately five minutes, because we are only 64 senators.

[Aristegui] So in the end, it would be faster here than in the United States.

[Sales] Yes, because they are over 400 representatives there. The speed of the U.S. representatives is really impressive considering the large number of representatives.

In our case, two of the secretaries forming the Board of Directors tally the votes. One computes those in favor and the other those against. Immediately after the last senator votes, we have the result.

[Aristegui] Well, after what you have described to us, Mr. Carlos Sales Gutierrez, could we say that by next Monday we could ratify NAFTA and complete the ratification process in three nations, which will permit the treaty to take effect on 1 January 1994?

[Sales]) I hope so, Carmen.

[Aristegui] Thank you for calling. We will closely monitor the Senate's work. Thank you very much for taking time to speak to us after an intense night.

[Sales] That is right.

[Aristegui] Thank you, and good day.

Legislators Comment

PA1911062593 Mexico City XEW Television Network in Spanish 0440 GMT 19 Nov 93

[Passages within quotation marks recorded]

[Text] During today's Chamber of Deputies session, legislators from the country's six political parties spoke about the approval by the U.S. House of Representatives of the North American Free Trade Agreement [NAFTA].

Juan Campos Vega, of the Popular Socialist Party, was the first to use the speaker's platform.

[Campos] "What the U.S. Congress did yesterday was nothing but to approve something the North Americans themselves had designed, something that will serve not only to plunder the Mexican economy but also that of the entire American continent."

Deputy (Adolfo Kuns), of the Authentic Party of the Mexican Revolution, said:

[(Kuns)] "We have to learn to be able to improve. We have to strengthen our national identity so that NAFTA becomes nothing more than a trade agreement, so that it does not affect Mexicans' national identity."

Deputy Demetrio Santiago Torres, of the Cardenist Front for National Reconstruction, said:

[Torres] "We have backed the NAFTA negotiations, because we trust in the strength of the nation, because as everybody has acknowledged—including our most bitter adversaries in the north—Mexican workers are among the most productive in the world."

Jorge Calderon, Democratic Revolution Party deputy, stated:

[Calderon] "We condemn the triumphalist attitude of certain Mexican Government sectors that believe that the country's basic problems will be resolved with a free trade agreement. We convoke the people to a national dialogue and to a profound debate by all the sectors of the country to search for a new democratic and just model that should allow us to recover our sovereignty and to create the basis for viable, democratic, and fair development."

Deputy Luis Felipe Bravo, of the National Action Party, said:

[Bravo] "Let the budget allocate resources to set in motion government measures and programs to clearly and effectively support sectors that will be in danger once the treaty is implemented. There are sectors in danger; therefore programs to support the endangered sectors must be set in motion."

Javier Garduno, Institutional Revolutionary Party deputy, affirmed:

[Garduno] "I will start by saying that my party has never held any triumphalist attitude or has promoted excessive hopes, as President Carlos Salinas de Gortari stated yesterday in his address to the nation."

PAN: Concessions Made to U.S.

PA1811224293 Paris AFP in Spanish 2001 GMT 18 Nov 93

[Text] Mexico City, 18 Nov (AFP)—The conservative National Action Party (PAN) demanded today that the Mexican Government explain "the cost" of the decisive votes that allowed the U.S. Congress to approve the North American Free Trade Agreement (NAFTA) on 17 November.

During a news conference, PAN Secretary General Felipe Calderon said that in exchange for achieving the confirmation of the North American trade agreement, the Salinas administration made several economic, legal, and political "concessions" to the United States "which have not been fully explained."

PAN—the leading opposition force in Mexico which on 21 November will elect its presidential candidate for the August 1994 elections—has complained that the government "yielded" to the United States in important areas for the country, such as the way sugar, citric fruits, and tomatoes are commercialized.

"NAFTA became, in the end, a political battle for the Mexican Government," Calderon said, adding that the days prior to the vote in the United States were "like having a Christmas tree" for the U.S. legislators, which he viewed as "embarrassing."

According to the PAN leader, NAFTA constitutes "approval of the Mexican Government," but it is not a key element that will benefit the ruling Institutional Revolutionary Party (PRI) during next year's elections, when the country's economic situation will be decisive.

Parties, Groups Voice Opposition

PA1811190093 Paris AFP in Spanish 1648 GMT 18 Nov 93

[Text] Mexico City, 18 Nov (AFP)—Amid the multitude of voices speaking in favor of the North American Free Trade Agreement [NAFTA], Mexican opposition parties and social groups today voiced concern over the possible negative impacts the trilateral treaty could have, as well as concern over "the country's annexation" by the United States.

In reaction to the U.S. House of Representatives' approval of NAFTA on Wednesday, the Mexican Action Network Regarding Free Trade (RMALC), a group comprising union leaders and independent researchers, pointed out that the trade pact "endangers national sovereignty and will make us pay a high social cost."

RMALC said: "Perhaps some additional jobs will come here, but many more will be lost, and the Mexican Government has done absolutely nothing to prevent this.... Unemployment benefits and retraining and relocation programs exist in the United States and Canada, but not in Mexico."

According to Homero Aridjis, president of the environmental Group of 100, whose membership includes distinguished intellectuals, the Mexican people are not aware of NAFTA's effects on the environment and the labor sector. He regretted that Mexico's economic and political future has been debated "outside of Mexico" in the U.S. House of Representatives, whose vote was necessary in determining whether the trade agreement between Mexico, the United States, and Canada will be implemented on 1 January 1994.

"Mexico has been conquered for the third time. The first conquest was a military one, the second was spiritual, and the third is economic," Aridjis added.

Meanwhile, the conservative National Action Party (the foremost opposition force in the country) said the trilateral agreement may bring about benefits in the areas of investment and jobs, but areas such as agriculture, manufacturing, and textiles may be adversely affected because of the high degree of competitiveness of similar industries in the United States.

According to the Social Democratic Party [PSD], 17 November "is a day of national tragedy and mourning" because, by way of the U.S. ratification of NAFTA, "the doors have been opened for the economic and political annexation of Mexico by the United States." The PSD added: "In the mid-term, Mexico will become the largest assembly plant on the planet."

Cuauhtemoc Cardenas, presidential candidate for the center-left Party of the Democratic Revolution, proposed on Wednesday the creation of a multisector commission to supervise the impact of NAFTA, which should lead to the renegotiation of the pact or the country's withdrawal from the pact if it is found to be harmful to Mexico.

Presidential Candidate Issues Statement

PA1911060293 Mexico City XEW Television Network in Spanish 0440 GMT 19 Nov 93

[Statement by Cuautemoc Cardenas, Democratic Revolution Party presidential candidate, issued 17 November; read by announcer; from the "24 Hours" newscast]

[Excerpts] [Passage omitted] Statement by Cuautemoc Cardenas, candidate to the Presidency of the Republic, regarding the vote held tonight at the U.S. House of Representatives on the North American Free Trade Agreement [NAFTA]:

[Passage omitted] The agreement, as negotiated, was not a good agreement for Mexico. It was poorly negotiated; thus, the midterm consequences for the country will be serious. If, in its practical application, the agreement proves to be harmful to the country, we must renegotiate it.

As of now, it can be considered to lack legal value, as it is detrimental to the interests of important productive sectors. Those offerings must not be accepted. In no case must the negotiations with the United States facilitate the subjection of our country and the subordination of our sovereignty. [passage omitted]

Cardenas Invited to Debate

PA1911070193 Mexico City XEW Television Network in Spanish 0443 GMT 19 Nov 93

[Telephone interview with Jaime Serra Puche, Mexican foreign trade secretary, by Jacobo Zabludovsky; place not given; from the "24 Hours" newscast—live]

[Text] [Zabludovsky] Good evening, Mr. Secretary.

[Serra Puche] Good evening, Jacobo. Please excuse me for bothering you. I am calling you regarding the news you just gave a few minutes ago on statements by Cuauhtemoc Cardenas on NAFTA [North American Free Trade Agreement]. I want to tell you that this afternoon I sent him a letter respectfully inviting him to a public debate on NAFTA, given that his statements are powerful, and I want the opportunity to debate with him freely and openly. In a letter I have sent him, a copy of which I am sending to all the media, I respectfully invited him to hold this debate. I hope you received it. I hope you received the letter.

[Zabludovksy] Yes, I see.

[Serra Puche] I have sent it to all the media, and I wanted you to know.

[Zabludovsky] You are inviting Cuauhtemoc Cardenas to a public debate?

[Serra Puche] That is right. I am inviting him to a public, televised debate. I want the public to learn his points of view, and we will contrast them with our points of view.

[Zabludovsky] When and on which channel are you inviting Mister....

[Serra Puche, interrupting] I told Cardenas I am at his disposal to coordinate the date and time. Because it has been announced that the Mexican Senate will decide on the treaty on 22 November, I would like to hold the debate this week.

[Zabludovsky] You mean Friday, Saturday, or Sunday?

[Serra Puche] That is correct.

[Zabludovsky] I understand.

[Serra Puche] I am waiting for the reply. This afternoon I sent the letter, as I just told you; therefore, I obviously have not received a reply. Nevertheless I wanted you to know this.

[Zabludovsky] Did you send me a copy of the letter?

[Serra Puche] Yes. A copy was supposed to be sent to all the media, and I hope you have received yours. If you have not received it, I will make sure you get a copy.

[Zabludovsky] If it has been sent to me, will you allow me to read it?

[Serra Puche] Yes.

[Zabludovsky] All right then. This is a public invitation to Cuauhtemoc Cardenas to a public, televised debate on his statement that NAFTA was not well negotiated.

[Serra Puche] That is right.

[Zabludovsky] Thank you very much, Mr. Serra Puche. I am going to look for this letter; otherwise.... [pauses] Just in case I have not received it, can you send me another copy?

[Serra Puche] I would be glad to send you another copy immediately to your fax.

Letter to Cardenas

PA1911061293 Mexico City XEW Television Network in Spanish 0440 GMT 19 Nov 93

[Letter from Dr. Jaime Serra Puche, secretary of Commerce and Industrial Development, to Cuauhtemoc Cardenas, president of the Democratic Revolution Party; read by announcer; from the "24-Hours" newscast]

[Text] Mexico City, 18 November 1993

Mr. Cuauhtemoc Cardenas

Dear Sir:

I refer to your statements regarding the North American Free Trade Agreement [NAFTA], which appear in today's newspapers, wherein you say that NAFTA was badly negotiated, and thus the medium-term consequences for the country will be serious.

As the person responsible for negotiating NAFTA, I invite you to publicly debate on such an important topic for the future of our country. I suggest a live television debate, so that we may freely discuss the treaty's substance and its consequences for Mexico. As has been announced, the Mexican Senate will discuss NAFTA on 22 November, and for that honorable body of representatives to consider your opinions, I propose that we hold the debate this week, that it concentrate on the text of NAFTA's important topics you have criticized for a long time, and that it be a debate between you and me.

I am at your disposal to agree on times and methods for the debate at the following telephone numbers: 286-14-83, 286-10-23, and 286-13-51.

I remain,

[signed] Jaime Serra Puche.

Senate President on Ratification Process

PA1811143093 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 18 Nov 93

[Report by Judith Alamo from the "Good Morning, from Mexico" newscast]

[Text] The Mexican Senate will begin the process of ratifying the North American Free Trade Agreement [NAFTA] on Thursday, 18 November. Senate President Emilio M. Gonzalez made this announcement after describing as significant and positive the U.S. House of Representatives' ratification of NAFTA.

[Begin Gonzalez recording] The step that has been taken will mean progress, development, and economic progress for Mexico. We are certain that with this victory the country will make the kind of progress that will allow Mexico to grow and develop. [end recording]

In view of nationwide interest in NAFTA, the Senate will hold debates in extraordinary public sessions, not behind closed doors. The debates, however, will not be broadcast in a national network.

[Begin Gonzalez recording] According to the rules, sessions of this kind should be secret. In this case, however, as a sign of freedom and democracy, we agree that they should be out in the open as if this were an everyday issue. [end recording]

Gonzalez said the ratification process will ensure that the trilateral commercial agreement adheres to the Constitution.

[Begin Gonzalez recording] We will be very careful to ensure that the treaty falls within framework of the Constitution, which is the way to proceed. [end recording]

Although the U.S. Senate has yet to ratify NAFTA, the Mexican Senate will begin the ratification process on Thursday, 18 November, after the respective report is read for the the consideration of the full advisory commissions. On Friday, 19 November, the report will be read for the first time before the full Senate. The full Senate will debate NAFTA on Monday, 22 November, and decide whether to ratify it.

Canadian Prime Minister Telephones Salinas

PA1911052093 Mexico City XEW Television Network in Spanish 0443 GMT 19 Nov 93

[From the "24 Hours" newscast]

[Text] One hour ago, at approximately 2130, Canadian Prime Minister Jean Chretien telephoned President Carlos Salinas to relay a message of cordiality and optimism on the occasion of the U.S. approval of the North American Free Trade Agreement [NAFTA].

President Salinas also spoke with the presidents of Colombia, Costa Rica, Chile, Uruguay, Argentina, Honduras, Nicaragua, and Bolivia.

Caribbean Basin Initiative Nations To Seek Benefits

PA1811131893 Panama City EL PANAMA AMERICA in Spanish 18 Nov 93 p 1A

[Report by Carlos Anel Cordero]

[Text] Panama and other Caribbean Basin Initiative countries will ask that the United States grant them for three years all prerogatives and benefits granted to North American countries that signed the North America Free Trade Agreement (NAFTA), Roberto Alfaro, commerce and industries minister, said yesterday.

Central America, Caribbean To Lobby To Join

PA1911022793 Mexico City NOTIMEX in Spanish 2159 GMT 18 Nov 93

[Text] San Jose, 18 Nov (Notimex)—Roberto Rojas, Costa Rican foreign trade minister, said today that Central America and the Caribbean will begin lobbying efforts in the United States next week to seek participation in the North American Free Trade Agreement [NAFTA].

On 28 and 29 November, Costa Rica and the Caribbean will ask the governors of the southern U.S. states to promote the opening of the trade agreement to third countries and to soften conditions for the region's exports to gain access into its markets, the official said. The meeting, which will be held in Miami, will be attended by the region's ministers of foreign trade and economy, as well as by delegates from the business sector.

Costa Rican President Rafael Angel Calderon will head the official delegation, which will express its concern over the impact the treaty—which the U.S. House of Representatives confirmed 17 November—will have on the clothing industry. The Costa Rican minister added that the textile industry will lose its competitive advantage with the enforcement of the agreement between Canada, the United States, and Mexico due to the gradual elimination of tariffs, which will benefit the Mexican clothes industry.

Rojas said that despite certain "problems within the treaty, its approval in the U.S. Congress ends a very difficult period for relations between the United States and Latin America. Those who opposed the agreement in the United States are the same who tried to exclude Costa Rica and other Central American nations from the General Preferential System (SGP)," Rojas said.

Rojas admitted that the path to join NAFTA will be difficult and that it will be up to each country to initiate the economic reforms cited in the treaty in order to become an "eligible country. There is a consensus over the need to effect the clause of adherence to the agreement in favor of third countries, although adherence can be carried out by each country separately," he said.

Rojas said that his country has the backing of U.S. investors, especially in the textile and clothing industries, and this will make senators and other U.S. political leaders more aware of the demands of the Central American and Caribbean nations.

Central American Business Sector Views Impact

PA1911014393 Mexico City NOTIMEX in Spanish 2052 GMT 18 Nov 93

[Text] Guatemala City, 18 Nov (NOTIMEX)—The political sector of the Central American isthmus has reacted positively to the approval of the North American Free Trade Agreement [NAFTA], while businessmen held disagreeing opinions on the impact it will have on the region's economy.

Political and economic sources consulted by NOTIMEX stated that only regional joint action and the search for options for joining the northern region will allow the isthmus to achieve a fair and balanced development.

Guatemalan President Ramiro de Leon Carpio has labeled NAFTA's approval as a "transcendental step" for the liberalization of trade and the broadening of markets. NAFTA was passed yesterday by 234 votes in favor and 200 against at the House of Representatives in the United States.

De Leon Carpio said that it is now up to Central America and the Caribbean to draw up a formula aimed at forming a block that would allow the subregional nations to have access to the U.S., Canadian, and Mexican markets.

Guatemalan Finance Minister Richard Aitkenhead explained to NOTIMEX that the strategy's specific aim would be not to be left behind in the negotiations with the United States in the succeeding bilateral or subregional liberalization agreements.

Aitkenhead added that the goal is to organize a regional economic community to gain, with greater certainty, access to the North American market and to form an economic bloc of an attractive magnitude and characteristics aimed at winning worldwide investments.

The Secretariat of Central American Economic Integration (Sieca) has explained that the organization of a free trade zone presents important challenges to the three nations. This is particularly true for Mexico, given its lesser development and size.

Sieca stated that the isthmus nations have unilaterally adopted programs of liberalization and opening, but their access to the main markets has not improved markedly.

For Central America the alternative does not appear to be to look for its incorporation or not into the North American bloc; rather, it appears to be defining the mechanisms and goals of its participation. These would respect the differences in the economies, size, productive capacity, and technological development. This presents challenges on how to negotiate jointly, to achieve technological modernization, to train its work force to raise productivity, to realize administrative efficiency, and to overcome the bottlenecks in the infrastructure.

After 45 years of agreements and negotiations, Central America maintains weak trade ties with Mexico, as reflected in a mutual trade of $556.8 million for 1992.

U.S. trade with the isthmus (imports and exports) rose last year to $5.62 billion, according to Sieca.

Meanwhile, trade with Canada was $194.5 million. It is expected that this figure will increase once NAFTA is implemented.

Bruno Mertins, Guatemalan Chamber of Tourism president, said that the House of Representatives' ratification of NAFTA is a positive step toward globalizing economies, which reportedly will expand throughout Latin America.

The Federation of Chambers and Industrial Associations of Central America considers it as a necessity for the area's governments to "guarantee having a foot inside the treaty, as the contrary could adversely affect their economies."

Businessman Adolfo Facusse, leader of the isthmus' top business leaders, believes that the treaty could erode the benefits the United States receives, such as the general preferential system and the Caribbean Basin Initiative for the Americas. Facusse said: "It is a fact that the treaty's implementation will wipe out the comparative advantages that Central America has regarding Mexico."

Guatemalan labor sectors believe that NAFTA will deter foreign investments from their area. This is particularly true for assembly plants and industrial sectors, as these will find greater benefits on the other side of the border.

The Guatemalan economy minister assured today that Central America and the Caribbean cannot afford to be removed from the treaty, because this would mean bogging down development.

The textile sector and the apparel industry installed in Central America runs the risk of loosing its competitiveness and could be diverted toward Mexican suppliers; last year these totaled more than $700 million from exports to the United States.

Implementation of the treaty means that 33 percent of Central American exports in textile products will be adversely affected, according to the Central American economic cabinets' statistics.

For Central America to overcome its $5.367-million deficit in its trade balance, it needs to be truly competitive, in light of the opening of the northern market, which comprises more than 360 million people.

Dominican Central Bank Governor Comments

PA1911000893 Paris AFP in Spanish 2032 GMT 18 Nov 93

[Text] Santo Domingo, 18 Nov (AFP)—Mario Read Vittini, governor of the Dominican Central Bank, criticized this Thursday globalization of the economy and world trade, saying that among big and small countries, it is "unrealistic." This was the first reaction from the country to the approval of the North American Free Trade Agreement [NAFTA] by the U.S. House of Representatives.

Official sources have admitted, however, that they do not know whether the clause for attaining parity with Mexico was included in the text which was approved or whether it will be the topic of a separate consideration.

Regarding NAFTA's approval between the United States, Canada, and Mexico, other official sources remembered that the Dominican Republic and other Caribbean Central American countries are negotiating so that their exports will receive the same treatment as Mexico's in the U.S. market.

During the last few months, Santo Domingo toiled so that NAFTA's text included the clause of parity with Mexico.

Read, on his part, considered that free trade among big and small countries "is unrealistic, because it presupposes equality in resources, technology, and political power."

"If it is not so, the globalization of world's economy appears to be nothing more than subterfuge in invading the markets of isolated countries, specially small ones, thus creating a stronger and more dominant tie of dependence than ever before around the free and sovereign relations," he concluded.

The Dominican Central Bank governor complained, because it is intended that his country eliminate tariffs to allow the free import of foreign merchandise, while big countries—which he did not name—"impose countless tax obstacles to Dominican exports."

He said this reality forces the country to come up with a "double standard" policy, which would maintain a "reasonable protection" against imports and promote, in parallel, more efficiency in the enterprises with the subsequent improvement in the quality of Dominican manufactured goods so that they can compete in the international market.

Separately, Read suggested a mutual collaboration with Haiti, a country with which the Dominican Republic shares the Caribbean island of La Hispaniola, for environmental conservation in the common border area.

Jamaica Views 'Developmental Opportunties'

FL1811225593 Bridgetown CANA in English 2102 GMT 18 Nov 93

[By Garfield Myers]

[Text] Kingston, Jamaica, Nov 18, CANA—Jamaica Thursday welcomed the U.S. Congress' approval of the North American Free Trade Agreement (NAFTA) even while expressing confidence that parity would be granted to Caribbean Basin countries.

Foreign affairs minister, Dr. Paul Robertson, in a statement circulated here, said the United States had taken "a bold and decisive step towards establishing a wider

hemispheric free trade area, which will play a pivotal role in the overall movement towards the liberalisation of trade."

"This trend is one which will open up new and uncharted avenues for all participants in the international trading area and Jamaica looks forward to seizing the developmental opportunities which will no doubt be created through the agreement," declared Robertson.

The free trade pact uniting Canada, the United Statesj, and Mexico in an economic bloc of 370 million potential customers, was passed by a larger than expected margin of 234 to 200 votes in the U.S. House of Representatives, Wednesday night. The bill, strongly supported by U.S. President Bill Clinton, is also expected to be approved by the Senate, paving the way for the world's most lucrative free-trade area.

While hailing NAFTA's passage, Robertson said Jamaica continued to hold firm to the belief that Caribbean Basin countries "must be granted the opportunity to compete on an equal footing with Mexico in the North American market. The concept of a 'level playing field' is one which has been accepted as necessary for the region's continued growth, development and enduring stability. We are confident, therefore, that the (U.S.) Administration will also approve the passage of a complementary bill which will grant parity to CBI states, thereby safeguarding and promoting the region's economic development and political stability," the minister said.

Caribbean political and business leaders argue that without the granting of parity, cheaper Mexican goods and services could drive regional producers out of the North American market. Investors would also be tempted to flee the region for Mexico, they say.

Giving the background to Jamaica's position on NAFTA, Robertson noted that the government had over the last ten years "implemented policies of structural adjustment which have resulted in the substantial liberalisation of our trade regime".

"We are now positioned to take advantage of the opportunities emanating from the multilateral and regional trade liberalisation initiatives. We believe that Jamaica's inclusion in these trade initiatives will contribute to the expansion of trade and investment in Jamaica and the Caribbean region as well as of the diversification of our economic base through export-led growth," he said.

Costa Rican President: Prelude to Larger Pact

PA1811172893 Panama City ACAN in Spanish 1515 GMT 18 Nov 93

[Text] San Jose, 18 Nov (ACAN-EFE)—Different political sectors enthusiastically have welcomed the U.S. House of Representatives' approval of the North American Free Trade Agreement (NAFTA), because they feel it is now possible for Latin America to join the largest market in the world some time in the future.

Costa Rican President Rafael Angel Calderon said NAFTA constitutes the first step toward the signing of a hemispheric free trade agreement, "by virtue of which we can create a bloc with all the countries on the continent to operate in a world that works by way of regions." According to Calderon, the rejection of the treaty that includes the United States, Mexico, and Canada "would have long-term negative repercussions for our country."

Foreign Trade Minister Roberto Rojas said that the next step will be to try to join NAFTA, which he felt would be difficult, "but not impossible," because a clause with the treaty allows it. Rojas admitted that when NAFTA goes into effect on 1 January it will create problems for Costa Rica, because Mexico will become a more attractive nation for investments. In view of this situation, he noted, the solution is to strive to expand the treaty's benefits.

Miguel Angel Rodriguez, presidential candidate for the Social Christian Unity Party (PUSC), said NAFTA's approval opens great possibilities for Costa Rica. "We can strive to join this free trade zone to obtain greater access to the world's markets," he said. If this is achieved, he added, Costa Rica will no longer need to depend on aid from the United States, because NAFTA would provide "a right that cannot be taken away from us because of pressures from internal groups" in the United States. "We now need to use imagination, national unity, and skill to negotiate with the United States, Canada, and Mexico on our entry into that free trade area," the PUSC candidate noted.

Meanwhile, Jose Maria Figueres, presidential candidate for the National Liberation Party (PLN), indicated that NAFTA's ratification is a sign of support of GATT's Uruguay Round of talks. He added: "We can take advantage of it to compete based on greater technology, productivity, and efficiency, and not so much on our low wages."

Figueres endorsed the creation of a bloc of Central American and Caribbean nations to reap the same benefits NAFTA gives Mexico, "or to be accepted as temporary members of the treaty for a reasonable period of time, during which time bilateral agreements with the United States, Mexico, and Canada will be negotiated. [no closing quotation marks as received]

Salvadoran Presidential Candidate Welcomes Vote

PA1811192093 Panama City ACAN in Spanish 1746 GMT 18 Nov 93

[Text] San Salvador, 18 Nov (ACAN-EFE)—Ruben Zamora, the presidential candidate for the Democratic Convergence-Farabundo Marti National Liberation Front (former guerrillas) coalition, said today the approval of the North American Free Trade Agreement [NAFTA] is a "clear sign to the country" that the globalization of the world economy is now an irreversible process.

Zamora, who is also vice president of the Salvadoran Legislative Assembly, told reporters, "U.S. President (Bill) Clinton's victory is something that can have mid-term benefits for this country, and, therefore, we must prepare for this process of economic globalization, which continues to move forward."

He added that the agreement between the United States, Mexico, and Canada, which will go into effect on 1 January 1994, demands that the Central American integration process begin preparing "its little competitive corner in the international market and get its negotiators ready to enter into this process of globalization."

Just before the U.S. congressional vote on NAFTA on Wednesday, Salvadoran President Alfredo Cristiani said: "We, as a country and as a region, have backed NAFTA, and we hope it can become a reality and then extend to the rest of the continent, creating one great free trade region."

Planning Minister Remarks

PA1911053893 San Salvador Canal Doce Television in Spanish 0300 GMT 19 Nov 93

[Report by William Melendez; from the "Up-to-Date" newscast]

[Text] Economic specialists agree that the approval of the North American Free Trade Agreement [NAFTA] between Canada, the United States, and Mexico will bring about positive results to regional commercial trends. They also acknowledge, however, that implementing this agreement will bring about an improvement in the process of productive reconversion in El Salvador.

The economists contend that the approval of the free trade agreement constitutes the most important event of the year, as far as world economic issues are concerned.

Planning Minister Mirna Lievano Marques considers as important the U.S. economic initiative, because it represents a positive signal for El Salvador:

[Begin Lievano recording] First, we must definitely express our congratulations that the agreement has finally been approved, because this marks a trend to which El Salvador is committed and includes the economic and commercial liberalization. [end recording]

Optimism is general, and the economists are already speaking of the advantages the free trade agreement will bring to the region, specifically to El Salvador.

Certain sectors believe, however, that the approval compels El Salvador to adopt more concrete policies with respect to industrial and productive reconversion. [end recording]

[Begin Jorge Riategui, deputy and foreign trade adviser, recording] One of the main sectors most affected by a commercial liberalization process is precisely the agriculture sector, and absolutely nothing has been done for this sector. From now on what this is all about is developing concrete productive reconversion policies. [end recording]

Jorge Riategui, who in addition to being deputy is also a business consultant specializing in foreign trade issues, says that globalizing the economy could bring about some negative consequences if we are not adequately prepared.

[Begin Riategui recording] We are dealing with a gigantic market that could benefit us if we know how to take advantage of it. We can also fall prey, however, to that same liberalization process if we do not how to fit in properly. [end recording]

In addition, experts on the issue warn that if the country's productive sectors do not properly prepare to confront the challenges the new world reordering may bring about, certain local products could be displaced by products of better quality from abroad.

Guatemalan Foreign Minister Hails Approval

PA1811184293 Panama City ACAN in Spanish 1752 GMT 18 Nov 93

[Text] Guatemala City, 18 Nov (ACAN-EFE)—Guatemalan Foreign Minister Arturo Fajardo today called the approval of the North American Free Trade Agreement [NAFTA] an "important" decision. He said it opens excellent and special possibilities for Central American products. NAFTA, which will create a market of 300 million consumers in the United States, Mexico, and Canada, generates high hopes, the minister said. He added, however, that it will also require an enormous coordination effort with other countries in the region to try and negotiate and make the necessary adjustments.

Fajardo recalled that the presidents of Central America and the Dominican Republic, during their last regional summit meeting held in Guatemala in October, sent a letter to their U.S. colleague, President Bill Clinton, expressing their interest in joining NAFTA. According to the diplomat, NAFTA will allow access to new markets, like Canada, in strengthening commercial and political ties with these three northern countries.

Meanwhile, Luis Alberto Reyes, president of the Coordinating Committee for Agriculture, Commercial, Financial and Industrial Associations (CACIF), the highest ranking trade organization in Guatemala, highlighted this U.S. policy victory in favor of a free market, to which Guatemalan products could also gain access. The businessman told ACAN-EFE that approval of NAFTA implies commercial opening and the consolidation of the General Preference System (SGP) and the Caribbean Basin Initiative.

Greenpeace, the international conservationist group whose Central American headquarters is in Guatemala,

told ACAN-EFE that it is afraid NAFTA will increase trading of toxic waste with Latin American countries and called on the governments of the region to take joint measures to prohibit such imports.

Nicaragua Voices Satisfaction With Approval

PA1811170693 Panama City ACAN in Spanish 1605 GMT 18 Nov 93

[Text] Managua, 18 Nov (ACAN-EFE)—The Nicaraguan Government today voiced its satisfaction with the ratification of the North American Free Trade Agreement (NAFTA) by the U.S. House of Representatives, "because it represents greater opportunities" for Latin America. "NAFTA's entering into effect and the creation of this free trade zone represent for the Nicaraguan Government the first step toward a hemispheric treaty," the Nicaraguan Foreign Ministry stated in an official note.

Meanwhile, Oscar Aleman, director of foreign trade in Nicaragua's Economy Ministry, expressed his hope that NAFTA "will" benefit all Latin American countries. The U.S. House of Representatives on Wednesday approved the North American Free Trade Agreement between the United States, Canada, and Mexico with 234 votes in favor and 200 against, following a debate that lasted over eight hours. "We are very happy with the treaty's ratification," Aleman stressed in statements to ACAN-EFE, after noting that NAFTA is "a challenge, a dare, and an opportunity" for Central America.

Meanwhile, former Sandinist diplomat Alejandro Bendana said that for President Bill Clinton, the ratification of NAFTA was "a pyrrhic victory" because "(Clinton) was forced to buy votes by offering protectionist clauses and demanding new concessions from Mexico." "After 1 January 1994 (when NAFTA will take effect) protectionist borders will be extended to Mexico's southern border," Bendana added in statements to the Managua daily "BARRICADA."

Meanwhile, Mario Alegria, director of the Nicaraguan Private Enterprise Institute for Economic and Social Research [Instituto Nicaraguense de Investigaciones Economicas y Sociales de la Empresa Privada], told the press today that with the implementation of NAFTA, Central America "will have to move" toward integration in the shortest possible time. Additionally, Alegria noted, "our economies will be forced by the market to pursue a more rapid industrial reconversion."

During the most recent XIV Presidential Summit, held in Guatemala, the six Central American countries expressed their interest in joining NAFTA.

Panamanian Commerce Minister Comments

PA1911015693 Panama City Circuito RPC Television in Spanish 2300 GMT 18 Nov 93

[From the "RPC Television News" newscast]

[Text] Panamanian private sectors believe that Panama will receive many trade benefits with the implementation of the free trade agreement among the United States, Mexico, and Canada.

According to Commerce Minister Roberto Alfaro, Panama will have access to the North American market as long as a free trade agreement is approved. For Panama, an essential condition is the successful conclusion of negotiations with the United States so as to enter the GATT. Another condition is the approval of the law to protect intellectual property, which the Legislative Assembly is expected to pass. In any case, there are positive and negative factors in this agreement.

[Begin Alfaro recording] What the country's productive sectors oppose most is entering into an immediate integration, for example, with Central America or certain South American countries, because we would really be at a disadvantage with those countries. As for the free trade agreement with the United States and Canada, they have always been in favor of it. [end recording]

The agroindustrial sector will be the most harmed mainly in such products as sugar, milk, and vegetables. Speaking on behalf of the Chamber of Commerce, Ricardo Duran views this agreement as positive, despite the harm it might cause to the agroindustrial sector.

[Begin Duran recording] The free trade agreement now opens the door to all Latin American countries to form part of what President Bush said would be a Latin American common market, from Alaska to Patagonia. [end recording]

Argentine Minister Notes Significance of Approval

PY1811174293 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 18 Nov 93

[Report by Silvina Martinez Porta from Government House in Buenos Aires]

[Text] As we already have reported, during a cabinet meeting today, Foreign Minister Guido Di Tella made a briefing outlining the significance that the approval by the United States of the North American Free Trade Agreement [NAFTA] has or can have for our country. NAFTA is made up of the United States, Mexico, and Canada.

Upon leaving Government House, the minister said NAFTA's approval is very important for the region and the world because it means a policy of modernization that will promote NAFTA members' competitiveness.

Asked whether it will be possible to join NAFTA, he said the matter will be closely studied by the Argentine Government. He said, however, that in two years, Mercosur [Common Market of the South] will be able to fully join NAFTA, and that NAFTA also will be able to admit other countries.

[Begin recording] [Di Tella] Mercosur has had very important results like the volume of trade between Brazil and Argentina and between Mercosur members, which has been very large. The trade deficit has dropped, and it has become a surplus.

I believe that in a couple of years both Mercosur and NAFTA will be more mature, and this will be the right time for establishing relations between Mercosur and NAFTA.

[Martinez] Did President Menem suggest considering this possibility for the immediate future?

[Di Tella] Well, for us to be able to have some results in two years, we have to begin working right now, carefully watching what is happening and taking into account that NAFTA will not open a channel in the future very easily. [end recording]

As for the advantages Argentina will have if it joins NAFTA, Di Tella said the market will be enlarged, noting that this will mean more competition but also more possibilities for selling and exporting.

Evaluates Prospects

PY1911024093 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1843 GMT 18 Nov 93

[Text] Buenos Aires, 18 Nov (NA)—The national cabinet today evaluated the prospects opened up for Argentina through the North American Free Trade Agreement (NAFTA) between the United States, Mexico, and Canada, which has just been ratified by the U.S. House of Representatives.

The cabinet also discussed the bills on economic issues which had been sent to Congress for debate, and which are extremely important for the government.

The cabinet meeting, which was presided over by President Carlos Menem, was held in the situation room of Government House. During the meeting Public Function Secretary Claudia Bello gave details of the progress made on the administrative reform.

Foreign Minister Guido Di Tella, who acted as spokesman, said he talked about the outstanding aspects of NAFTA and its compatibility with Mercosur [Common Market of the South], which is made up of Argentina, Brazil, Uruguay, and Paraguay.

Justice Minister Jorge Maiorano completely discarded the possibility of changes in the Supreme Court as a result of the rapprochment between President Menem and former President Raul Alfonsin of the UCR [Radical Civic Union].

Di Tella believes that in approximately two years Mercosur and NAFTA "will be in a condition to study new memberships in addition to the three countries that have already signed" NAFTA. Di Tella said: "The ratification of NAFTA is very important for the region and for the world, as it represents a modern and improved policy of competition for the United States and the other two countries that signed it." Di Tella added that the Argentine Government will follow "very closely" the progress made in NAFTA, hoping that it will open its doors to other countries. "The incorporation of other countries is something we want to follow very closely. There was talk about Chile, about Argentina, but at this point the NAFTA members are studying how they can manage what they have signed." Regarding the two regional organizations, Di Tella said that "Mercosur has made important progress" and that "in two more years Mercosur will be more mature, and ready to establish organic relations between countries."

Di Tella believes that if Argentina can join NAFTA it would allow it to reach "a larger market" which would imply "more competition with much greater exports." Asked when Argentina might join NAFTA, Di Tella said that "it should be done collectively" with the other Mercosur members. He added: "In two more years Mercosur will be in a condition to do it, and at that time NAFTA will be able to consider seriously new additions to the three countries that signed it."

Regarding the controversy between Argentina and Paraguay over the Pilcomayo River, Di Tella said: "A technical commission from the two countries will in the next few hours go to our canal site, where the problem occurred." "A study will be made on how to repair it," said Di Tella, who believes the problem will be solved "within a few days."

Continuing on international issues, Di Tella said he went to Venezuela "to provide institutional support to the democratic process" of that country. Regarding Venezuela, he said: "The elections will be held early in December, and we have no doubt of the reaffirmation of the traditional democracy in that country."

Justice Minister Maiorano told reporters he "absolutely" discards any possible changes in the Supreme Court as a result of the agreement reached by Menem and Alfonsin.

Regarding the possibility of eliminating the privileged pensions in the Justice Ministry, he said there had arisen a controversy "based on press commentaries."

He added: "It is premature to give an opinion, because there are several ministries that have to be intervened and not necessarily the Justice Ministry."

Bolivian Vice President Comments About Agreement

PY1811183193 La Paz Television Nacional Network in Spanish 1700 GMT 18 Nov 93

[Text] The Bolivian Government is optimistic about the prospects for joining the North American Free Trade Agreement, or NAFTA, in the future.

The vice president of the Republic, Victor Hugo Cardenas, believes that after NAFTA's approval there also are

prospects for our country because, in the long run, it is hoped that NAFTA will be extended to include other nations in Latin America:

[Begin recording, in progress] ... countries like ours. We have the possibility of entering those markets because our great tragedy is that we import much more than we export. And as long as this reality does not change, we will have many problems. [end recording]

With the possibility that the rest of the Latin American countries eventually will join NAFTA, there are hopes of achieving a tax-exempt entry into the U.S. market, by far the wealthiest market in the world.

[Begin Minister of the Presidency Carlos Sanchez recording] The first step has been taken. I consider this step very encouraging. Our country must become a major exporter of nontraditional products and that market is appropriate for us. It is—at the least—the closest, largest, and most basic market for us.

I believe this represents a great sign by U.S. policy toward the Latin American countries concerning free trade, which is desirable and necessary for everyone. [end recording]

Bolivia is scheduled to sign an economic complementation agreement with Mexico. In this regard, there will be a meeting late this month. This would represent an initial approach toward a NAFTA member country.

Industry Secretary Comments

PY1811193093 La Paz Television Nacional Network in Spanish 1700 GMT 18 Nov 93

[Text] From the Bolivian Government's viewpoint the approval of the North American Free Trade Agreement [NAFTA] by the U.S. House of Representatives represents a very important step in trade relations, not only for Bolivia but for all Latin American countries.

Bolivia had already expressed its full support for this important agreement during the last Rio Group summit, held recently in Santiago, as this trade agreement represents the fall of the last protectionist barriers against international trade.

[Begin Industry and Commerce Secretary Carlos Morales recording] Bolivia views this agreement very favorably. There is no doubt. We also believe this agreement may represent the beginning of a trend, shifting the world's course toward liberalization and globalization of the markets. [end recording]

This agreement will allow further development of the free market mechanisms in the world which, in Bolivia's particular case, are essential because Bolivia has a very small market.

[Begin Morales recording] We have a market of 6 to 7 million people, with a relatively low per capita income. Consequently, our future lies in the globalization of the markets. [end recording]

Nevertheless, the role that Mexico may play in this agreement, and the possibility that Mexico will turn its attention toward the Latin countries, is essential for our region's future.

[Begin Morales recording] Mexico must become a hinge between North and South. We thus hope that Mexico will do with the South what it has done with the North. In other words, Mexico must also open up its markets.

We must have the possibility of joining in, and the economic complementation agreements with Mexico must be enhanced and improved. [end recording]

This free trade agreement, which was so controversial before its approval, raises the possibility of forming in the future a free trade zone with all the countries of our hemisphere.

Brazilian Exporters: Sales to U.S. Not Affected

PY1811164393 Rio de Janeiro O GLOBO in Portuguese 17 Nov 93 p 29

[Text] Sao Paulo—Brazilian exporters do not believe the formation of NAFTA [North American Free Trade Agreement], the free trade agreement that unites the United States, Canada, and Mexico, will significantly damage our country's sales to the U.S. market. In the opinion of leaders in the Brazilian exports field, some portions of the market might be lost, especially to the Mexicans, but the formation of NAFTA, made up of 350 million consumers, should expand Brazilian exports.

Association of Brazilian Exporters (AEB) President Marcus Vinicius Pratini de Moraes said: "NAFTA will have a neutral effect on our foreign trade because Brazilian and Mexican export patterns are different, allowing the two countries to complement their deals."

Hypothetically, five areas may be described as the most threatened by NAFTA: textiles, iron and steel, auto parts, citrus (oranges), and coffee. Brazil, for example, is responsible for 79 percent of all the orange juice imports by the United States, which imposes a 60-percent tariff on this product. Brazilian citrus exports alone represent 3 percent per year of U.S. Customs Service revenues. With NAFTA, Mexico—which is responsible for 17 percent of U.S. imports—will have preferential treatment because the agreement establishes a 50-percent tariff reduction in the first year of its implementation. The tariff will be reduced to zero after 13 years.

Ademerval Garcia, the Brazilian Association of Citriculturists (Abecitrus) president, stressed: "This will represent advantages for the Mexicans, but we do not believe it will significantly damage our sales." He emphasized that the Mediterranean and Middle East markets have zero tariffs and even so Mexico has a marginal share.

Concerning the automotive field, Luiz Adelar Scheuer, the National Association of Automotive Vehicle Manufacturers (Anfavea) president, believes there might be a

changing pattern in exported products. The trend would be growing parts and components sales and declining car sales.

Scheuer said: "The assembly companies, including those established in Mexico, have preferred to import complete units. As there is a bilateral agreement between Brazil and Mexico, we will be able to continue participating in the U.S. market via Mexico."

Chilean President Aylwin Congratulates Clinton

PY1911020793 Madrid EFE in Spanish 0020 GMT 19 Nov 93

[Text] Washington, 18 Nov (EFE)—Chilean President Patricio Aylwin has congratulated his American colleague Bill Clinton over the approval of the North American Free Trade Agreement [NAFTA] with Mexico and Canada. Aylwin said that Chile hopes to negotiate a similar agreement with the United States.

In a letter sent to Clinton today, Aylwin states that Chile "is awaiting with great interest the start of negotiations for the signing of a free trade agreement with the United States" as soon as the agreement with Mexico and Canada is implemented.

On 18 November Clinton overcame the greatest hurdle for NAFTA's approval when the House of Representatives approved the treaty. The last step is for the Senate to approve the treaty and for the Canadian and Mexican Governments to promulgate it.

In his letter Aylwin states: "On behalf of the Chilean Government and its people, I have the honor of extending my warmest congratulations" for NAFTA's approval. He says he hopes that as a result of this agreement "there will be a new and decided impulse to seek renewed and closer ties with Latin American countries."

In the letter, which was disclosed in Washington, Aylwin says: "I greatly appreciate your strong and decisive personal commitment to the objective of free trade and economic complementation in North America and the Western hemisphere. These are crucial elements for the economic prosperity of our countries and for the strengthening of our democratic systems."

Foxley: Chile To Join Next

PY1811181493 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 18 Jun 93

[Text] Finance Minister Alejandro Foxley said there are good prospects for Chile to join NAFTA [North American Free Trade Agreement]. He explained, however, that this will demand patience because it will be a slow process.

Foxley said some U.S. and Chilean technical commissions already are preparing the path for a possible formal negotiation. The minister added that Chile's entry into NAFTA has the support of President Bill Clinton.

[Begin Foxley recording] I have a clear opinion from President Clinton, who told me the following: Chile is the next country to join NAFTA. You should have no doubt about it. Those were Clinton's precise words two weeks ago, or perhaps less than two months ago, in New York. [end recording]

But the minister included a note of caution on the matter. He explained that although joining NAFTA is important for Chile, it does not mean it will be essential for our development because the direct benefits to the economy will not occur for several years.

Seeing the possibility of increasing their businesses in a market of more than 350 million inhabitants, businessmen also see the possibility of joining NAFTA as something very attractive but with long-term repercussions.

[Begin Foxley recording] In any case, I think we have a long period ahead of us to continue progressing by virtue of our own efforts. [end recording]

Colombian Minister Links Approval to GATT

PA1811131293 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1224 GMT 18 Nov 93

[Interview with Colombian Foreign Trade Minister Juan Manuel Santos by Dario Arizmendi in Santa Fe de Bogota on 18 November; from "Caracol's 0600 to 0900" newscast—live]

[Text] [Arizmendi] Good morning, Foreign Trade Minister Dr. Juan Manuel Santos.

[Santos] Good day, Dario.

[Arizmendi] What is the significance of the U.S. House of Representatives' approval of the Free Trade Agreement between Mexico, the United States, and Canada?

[Santos] I am very happy and satisfied with this outcome for three basic reasons. First, this treaty will inject the aforesaid economies—Canada, the United States, and Mexico—with an important dynamism. Because the United States is our largest commercial partner and we are at the same time negotiating a Free Trade Agreement with Mexico, these economies will demand more Colombian products. The treaty will thus have positive economic repercussions in Colombia.

Second, it sends a very clear signal to the rest of Latin America that the United States is committed to American integration and that all these processes on bilateral or multilateral free trade accords in the continent lead in one direction—namely, hemispheric integration.

Third and most important is that everyone was closely watching this vote as a possible prelude to what might happen in GATT's Uruguay Round, which will be

defined on 15 December. If President Clinton had lost, GATT enemies in Europe, Japan, and the rest of the world would have gained a unique momentum which would have adversely affected the GATT Uruguay Round.

The passing of the North American Free Trade Agreement clears up the picture. It is very important for Colombia because it represents a new set of rules at the multilateral and world level that will permit Colombia to compete with fairness and defend itself from the protectionist trend we see in other countries.

NAFTA To Benefit G-3

PA1811171393 Mexico City NOTIMEX in Spanish 1518 GMT 18 Nov 93

[Text] Santa Fe de Bogota, 18 Nov (NOTIMEX)—The North American Free Trade Agreement [NAFTA] that includes Mexico, the United States, and Canada will strengthen the Group of Three (G-3) and all of Latin America, the Colombian Government stated here today. The ratification of the commercial agreement, which was achieved after a 13-hour debate in the Senate, was greeted with satisfaction and marked optimism in political and economic sectors and by Colombian public opinion.

"For our country, it is very positive, because the treaty will strengthen the G-3 (Mexico, Colombia, and Venezuela) and is a good sign for all of Latin America, according to Development Minister Luis Alberto Moreno. The official added that the approval of the trilateral agreement will aid in GATT's Uruguay Round of talks, which are scheduled to end 15 December.

"It is as if the neighborhood 'Las Americas' were being improved," he said.

For her part, Colombian Foreign Minister Noemi Sanin said Colombia is one of the countries with options to join the agreement in the future. "That is why we are modernizing and demonstrating a serious and stable economy," she said.

In the same manner, the foreign minister termed "pleasantly amenable" the fact that the U.S. Congress ratification occurred at a time when Colombia, Mexico, and Venezuela are preparing to open a free trade zone. After years of negotiations, the technical group of the G-3 is ironing out details of the agreement, which will be signed in the coming weeks. The trade agreement will go into effect in January of 1994.

Ecuador Welcomes U.S. Approval of NAFTA

PA1811184493 Hamburg DPA in Spanish 1735 GMT 18 Nov 93

[Text] Quito, 18 Nov (DPA)—Ecuador today greeted the U.S. House of Representatives' approval of NAFTA [North American Free Trade Agreement] with satisfaction and expectation in light of the possibility that the entire American continent may form, in the near-term, the largest free trade zone in the world.

"Free trade is, both theoretically and in practice, the country's theme," an official communique stated here today.

Ecuadoran newspapers carried extensive reportage on the triumph of the treaty approved in Washington on a House vote of 234 to 200. The result has paved the way for NAFTA to be implemented this coming January.

The announcement minutes after the vote by U.S. President Bill Clinton that he will soon ask Latin American countries to join the treaty was met with special interest in Ecuador, a country that maintains a totally open market policy. Local commentators agreed in stating today that the "natural destiny" of any free trade zone is to be expanded. This is "especially true" in the case of NAFTA, considering that America is the most integrated and least heterogeneous continent.

Foreign Minister Comments

PA1811194793 Hamburg DPA in Spanish 1740 GMT 18 Nov 93

[Text] Caracas, 18 Nov (DPA)—The approval of the North American Free Trade Agreement (NAFTA) represents a powerful force whose magnitude will permit the opening of markets throughout the American continent, according to Ecuadoran Foreign Minister Diego Paredes, who is on an official visit to Venezuela.

In Paredes' opinion, the U.S. House's ratification of NAFTA serves as stimulus for the formation of a free trade zone from Alaska to Patagonia. Speaking to local reporters, the minister said he is a firm believer in open integration as a mechanism to be used to aid in the development of Latin American countries.

The foreign minister noted that his government does not agree with closed integration that isolates one group of countries from the rest of the world. He was referring to the Andean Pact, which must be invigorated to combine smoothly and adequately with the international economic system.

Regarding Venezuelan Miguel Angel Burelli and Costa Rican Bernd Niehaus, both candidates for the post of OAS secretary general, the Ecuadoran foreign minister remained silent. He said Quito's decision will be announced on the eve of the elections to be held in March. This is because of diplomatic considerations, since former Ecuadoran President Rodrigo Borjas had announced his candidacy to the OAS post, which he later withdrew.

Uruguayan President Cables U.S., Mexican Presidents

PY1911014293 Montevideo Radio El Espectador Network in Spanish 0000 GMT 19 Nov 93

[Text] President Luis Alberto Lacalle has sent cables to the U.S. and Mexican presidents, in which he congratulates these countries over the approval of the North American Free Trade Agreement, NAFTA, which was sanctioned last night by the U.S. Congress.

Lacalle said in Bariloche that he was cautiously elated over the approval of the treaty. It should be pointed out that President Bill Clinton sent Lacalle another message thanking him for his regard.

Foreign Minister Sergio Abreu has sent cables to his Canadian, U.S., and Mexican counterparts expressing his satisfaction over this important achievement. Minister Abreu told the foreign ministers he is convinced the treaty will coincide with the efforts being made within the framework of GATT for an effective liberalization of trade. The Uruguayan foreign minister also expressed his confidence that the participation of other countries of the region in NAFTA will complement the integration processes being vigorously promoted by Latin American governments at the regional level.

Venezuelan Presidential Candidate Comments

PA1911020893 Caracas Venezolana de Television Network in Spanish 2350 GMT 18 Nov 93

[From "The News" newscast]

[Text] Osvaldo Alvarez Paz, Christian Democratic Party [Copei] presidential candidate, while participating in the events commemorating La Chinita Fair, labeled the approval of NAFTA [North American Free Trade Agreement] as a decisive step for the hemisphere's economies. Alvarez Paz gave assurance that the U.S. House of Representatives' decision to approve NAFTA yesterday will be very convenient for Venezuela, because it makes possible the insertion of our products into a market of over 300 million consumers. Here is what Alvarez Paz said:

[Begin Alvarez Paz recording, in progress] ....such as the one Mexico, Canada, and the United States now represent; this is the largest in the world. This is very positive for a nation that is less than two and a half hours away by plane from the United States. We are also very near Mexico, meaning that the world moves on, develops, and progresses, and Venezuela cannot stand still and look back at the past. [end recording]

Various Latin American Leaders Support NAFTA

PY1811211293 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1758 GMT 18 Nov 93

[Text] San Carlos de Bariloche, 18 Nov (NA)—Former Presidents Julio Maria Sanguinetti and Misael Pastrana Borrero, of Uruguay and Colombia respectively, expressed support today for NAFTA [North American Free Trade Agreement] but advocated "a world trade without restrictions" for the developing countries.

Mexican Ambassador to Argentina Jesus Puente Leiva praised the ratification of the agreement, indicating that "it does not exclude other initiatives" such as Mercosur [Common Market of the South].

The former presidents and the ambassador were the main speakers at a forum on economic matters organized by the morning daily LA NACION within the framework of the 49th annual meeting of the Inter-American Press Association (IAPA).

Also invited to the debate, but excusing themselves from attending for various reasons, were Economy Minister Domingo Cavallo, his Brazilian counterpart Henrique Cardoso, and IMF Managing Director Michael Camdessus.

Pastrana said NAFTA "is positive" because it reverts "a dangerous U.S. trend toward isolationism." He recalled that in the past "the negative thing was that the United States saw Latin America as a hunting ground for political and security reasons." He added: "The agreement with Mexico reveals that it is possible to do something with the United States not only in the commercial field, but also in the areas of ecology, labor, and human rights."

Pastrana called on Latin Americans "to recover awareness for Latin American integration, so as to avoid looking at NAFTA from a passive position." At any rate, he said, "the really important thing for Latin Americans is that the road to freedom should be cleared up through agreement in the Uruguay round."

Former President Sanguinetti pointed out that "one cannot be critical" of NAFTA. He said that had Bill Clinton's project failed, "it would have hurt his internal power, his world leadership, and the bilateral relations with Mexico." He indicated, however, that "what is worrying is that Latin America does not have a strategy as such, although Mexico does have its own."

"We do not know if this will lead to a more liberal world economically speaking," said Sanguinetti, who believes that this "is a positive event because it is not incompatible with Mercosur."

Mexican Ambassador Puente Leiva said that NAFTA "is not a whim, or for free." He noted that "Mexico, with or without the agreement, already carries out 70 percent of its trade with the United States."

He said that "beyond the hemispheric borders" the agreement "changes common relations with Europe and Japan," and also "does not exclude Mercosur."

Austrian Chancellor Comments on 'New Prospects'

AU1911100093 Vienna DIE PRESSE in German 19 Nov 93 p 4

[Report by "ag": "NAFTA as Impetus for GATT Talks"]

[Excerpts] Europe is hoping that the U.S. agreement to the North American Free Trade Agreement [NAFTA] will speed up the international liberalization of trade. [passage omitted]

Austria's Chancellor Vranitzky considers NAFTA another step toward free world trade, which will open up new prospects not only for Latin America, but also for Europe. The creation of a huge common market on the American continent makes Austria realize once again that "we have to take up the challenge of globalization." The Austrian Economic Chamber expects NAFTA to have little effect on the Austrian economy; only 3.4 percent of Austria's exports go to the NAFTA area, and 4.6 percent of imports come from NAFTA countries. [passage omitted]

Commentary on Agreement

AU1911121693 Vienna DIE PRESSE in German 19 Nov 93 p 2

[Commentary by Peter Krotky: "NAFTA—So What?"]

[Text] Revolutions that are announced never take place. And they certainly do not take place on Capitol Hill in Washington. All the excitement during the run-up to the vote on the North American Free Trade Agreement [NAFTA] proved unfounded. NAFTA—and Bill Clinton—managed to win a clearer majority than most people would have thought.

There is no doubt, the President has managed to score; and there was need for this, too. A different result, that is to say, a clear-cut no, might have meant a better night's sleep for quite a few Americans, but it would have meant that the President needed to do a lot of explaining abroad. For, if there is one consistent line in the United States' foreign policy, it is the constant repetition of its declaration in favor of global free trade. What this means, of course, is the green light for American business and interests.

NAFTA is to help these objectives. Even NAFTA proponents never seriously doubted that some sectors in the United States will suffer from this agreement. The resistance came from these corners, but it primarily resulted from the necessary consideration by congressmen of the interests of specific groups of voters, financiers and lobbies. Thus the resistance put group interest before overall use. But from the economic point of view, NAFTA will have positive effects on the United States' economy. Clinton seems to have been quite successful in conveying this point to the congressmen.

Comment: The fact that America wins, does not necessarily mean that somebody else loses. Free trade is not a game with zero figures, and thus Washington's two partners Mexico and Canada will also win—if one wants to consider an increase in consumption and increased production of goods, with its use of resources and ecological and social effects, winning.

In all the chaos created in the United States around the vote, a cool judgment seems appropriate. What is so revolutionary about NAFTA? The answer is: nothing. NAFTA is no more than what the European Free Trade Association, EFTA, was at the beginning of the sixties. And NAFTA is much, much less than what the European Union wants to become; it is not even what the European Community has been for a long time. The uncomprehending looks you sometimes get from Americans when mentioning the problems Europe faces with integration, can now easily be countered by referring them to their NAFTA discussions, telling them: At least achieve what we have had for a long time.

The first step toward this has been done. Others seem to be forthcoming: Today sees the start of the Asian-Pacific Summit in Seattle, which will discuss economic cooperation and free trade. And there are the GATT negotiations, which have been stuck for ages, and which also deal with, at least, the partial reduction of customs and trade barriers, although on an international basis. And last, there is the extension of NAFTA, possibly including all of Latin America.

It is generally said that the House of Representatives' okay will have a stimulating effect on all these issues, but this will by no means be as direct and as certain as is being maintained. The interests, and the protagonists, are all too different in the individual cases.

Belgian Foreign Ministry 'Pleased' With Vote

BR1911114893 Brussels DE MORGEN in Dutch 19 Nov 93 p 9

[Unattributed article]

[Text] In a statement to our newspaper, the spokesman for the Belgian Foreign Ministry reacted very much in favor of the outcome of the vote in the U.S. Congress. "We are pleased with the result and hope that the United States will now fully focus on the GATT negotiations. What we should try and avoid is that these talks become negotiations from bloc to bloc. Only real multilateral discussions can lead to a satisfactory solution."

France Praises 'Spirit of Concession' on NAFTA

AU1811122493 Paris AFP in English 1128 GMT 18 Nov 93

[Excerpts] Paris, 18 Nov (AFP)—French Foreign Trade Minister Gerard Longuet on Thursday welcomed ratification by the U.S. House of Representatives of the North American Free Trade Agreement (NAFTA) but urged

Washington to make "new proposals" to unblock stalled global trade talks. [passage omitted]

Aides close to Prime Minister Edouard Balladur said the French government hopes Washington will show the "same desire for openness" in the GATT talks now that it has been "freed from the concern" about NAFTA.

They said Washington's "spirit of concession" had helped make NAFTA succeed, adding: "We hope that this approval will encourage the Americans to invest more in trying to make the GATT negotiations succeed and to demonstrate a greater desire for openness."

The GATT have stalled over France's refusal to endorse an agreement on farm subsidy cuts reached a year ago. The European Community has called on Japan and the United States to match its tariff-cutting offers.

Farmers' Organizations React

LD1811145993 Paris France-Inter Radio Network in French 1400 GMT 18 Nov 93

[Text] Following the adoption of NAFTA [North American Free Trade Agreement], the GATT director general believes a trade agreement to be almost within our reach. A defeat would have been a victory for those who would like the United States to be inward-looking, Peter Sutherland explained. France would now like Washington to demonstrate the same spirit of compromise within the GATT talks.

The FNSEA [National Federation of Farmers' Unions] and SNJA [national Union of Young Farmers] say they are convinced that the ratification of NAFTA is going to create an impetus for the resumption of negotiations. However, they stress that they will remain vigilant regarding the development of the farm dossier.

German Industrialists' Body Hails U.S. Vote

LD1811145793 Berlin ADN in German 1414 GMT 18 Nov 93

[Excerpts] Cologne (ADN)—The Federal Association of German Industry (BDI) has described the clear approval given by the U.S. House of Representatives to the North America Free Trade Agreement [NAFTA] as a major contribution to liberalizing world trade. The decision represented a decisive step toward the creation of the world's largest free trade area, according to a BDI statement issued today. [passage omitted]

The BDI also assessed the vote as providing a boost toward the successful conclusion to the current Uruguay talks. It amounts to a rejection of protectionist forces in the United States. The association voiced the hope that South American countries such as Argentina and Chile would join the free trade area.

Economics Minister Comments

LD1811123593 Hamburg DPA in German 1153 GMT 18 Nov 93

[Text] Bonn (DPA)—The North American Free Trade Agreement—NAFTA—which is now possible, is an "encouraging signal for world trade," according to Federal Economics Minister Guenter Rexrodt. However, he does not expect what will be the largest free trade area to be a "closed shop" and does not expect it to seal itself off but to remain open to trade partners outside the United States, Canada, and Mexico, Rexrodt stressed in Bonn today. The participants in regional unions are precisely the ones who bear responsibility for the world economy, Rexrodt explained with reference to the experiences of the European Union.

Now that NAFTA has overcome a decisive hurdle in the shape of an agreement in the U.S. House of Representatives, the Bonn economics minister expects to see a "new impetus" for the negotiations on the conclusion of the Uruguay world trade round of GATT. It is less than a month before the GATT negotiating partners, primarily the United States and the European Union, must complete a final package. Valuable time must not be lost due to reproaches from both sides.

Rexrodt stressed the significance of the next meeting on 22-23 November between the U.S. negotiator Mickey Kantor and Sir Leon Brittan, European Commission vice president.

Italian Prime Minister Congratulates Clinton

BR1811152693 Rome ANSAMAIL Database in English 1457 GMT 18 Nov 93

[Unattributed article: "Ciampi Congratulates Clinton on NAFTA Approval"]

[Text] Rome, 18 Nov (ANSA)—Italian Premier Carlo Azeglio Ciampi today sent United States President Bill Clinton a message of congratulations for last night's Congressional vote approving the creation of the North American Free Trade Association [NAFTA] between the U.S., Canada and Mexico.

In the runup to the December 15 deadline for the crucial GATT talks, Ciampi's message underlined that the vote is an encouraging confirmation of commitments to pursue the liberalisation of international trade in all forums.

He also expressed the conviction that these types of agreements between neighbouring countries, by boosting trade and production, are advantageous to the entire international community.

"It is Italy's keen wish that a similar commitment will be shown by all sides concerned to permit a positive and balanced conclusion of the Uruguay Round GATT talks by the end of the year," the communique from the premier's office ended.

Ministry Expresses 'Satisfaction'

BR1911093793 Rome ANSAMAIL Database in English 1702 GMT 18 Nov 93

[Unattributed article: "NAFTA: Italian Foreign Ministry 'Satisfaction'"]

[Text] Rome, 18 Nov (ANSA)—The Italian foreign ministry today expressed "satisfaction" over the approval by the United States Congress of the treaty setting up the North American Free Trade Association, saying it was confirmation of the "existence in the United States of a strong awareness of the advantages of regional integration and freeing up trade."

The communique said that Italy had always "looked with favour on the creation of new economic groupings, in the conviction that the development of the concept of regional integration is useful for a balanced evolution of international trade and is not contradictory but complementary to the multilateralisation of this trade, as is shown by the experience of the European Community which has permitted a growth in trade both among EC partners and with the rest of the world".

The foreign ministry echoed Premier Carlo Azeglio Ciampi by voicing the hope that the US Congress's vote "may have a positive influence on the ongoing Uruguay Round GATT talks and lead to a swift and positive conclusion of the various negotiations tabled".

Economist on Effects of NAFTA

BR1911115093 Rome LA REPUBBLICA in Italian 19 Nov 93 p8

[Interview with economist Marcello De Cecco by "M. Ric."; place and date not given: "'Agreement With Pacific Just a Sham To Put Pressure on EEC'"]

[Text] Rome—"What we are witnessing in Seattle is little more than a great sham. The Clinton administration's threat to turn its back on Europe and to play the Asian card simply does not stand up." Marcello de Cecco, who teaches monetary economics in Rome, but who has been at the IMF's Washington headquarters for the past few weeks, believes that NAFTA [North American Free Trade Agreement]—the agreement with Mexico and Canada due to become effective next year—cannot take the place of the United States' traditional partner, Europe. "For the United States, whose economy is 20 times the size of Mexico's, the impact is minimal. For Mexico, it is strong—comparable to that experienced by Italy and Spain on their accession to the EEC. The Americans' invasion south of the Rio Grande will be total, and will comprise sectors that we do not think of at first, such as distribution."

[LA REPUBBLICA] Is Congress' vote a help or a hindrance to the negotiations for the new GATT agreement due to end in mid-December?

[De Cecco] Let us put this way: If the vote had been "no," the Uruguay Round negotiations would have suffered a heavy blow. With the "yes," they can continue with some small additional hope of success. We could say that a glimmer of light has appeared in the negotiations, which I believe remain very difficult. Let us not forget that France is not wrong to accuse the United States of not being as committed to free trade as it claims. It is enough to consider the protection that its banking and financial sector enjoys.

[LA REPUBBLICA] But is NAFTA a sign of a loosening up of trade or a step toward protectionism on a continental scale?

[De Cecco] It is a step toward a greater liberalization of trade worldwide. This, partly because protectionism at continental level takes a long time and requires homogeneous markets. Even the EEC has failed to achieve it, with a 30-year-old Common Market behind it. In any case, a great North and South American regional alliance would be reasonable: For 100 years the Latin Americans have almost always bought U.S.-made products and, above all, they send their money to Miami, just as the Europeans send theirs to Switzerland. But a common market on a continental scale is encountering a very great deal of resistance, starting in the United States. The Chileans, too—who have a very small economy that is already adequately equipped to sustain the embrace with the United States—would mobilize powerful lobbies of opposition, such as that of the fruit producers.

[LA REPUBBLICA] The EEC-U.S. negotiations are very similar to a trial of strength, and in Seattle the Americans are threatening to play, instead of the European card, the card of an opening to Asia, to the economies of the Pacific.

[De Cecco] That is not a serious threat. You need to ask yourself what they intend to do in Asia—to sell what to whom? The United States traditionally has a trade surplus with Europe, and a trade deficit with the Asian countries. The average American is already scared enough, having seen what has happened, because in recent years the United States has half-opened the door to Japan. We can hardly imagine that it wants to open it further. The APEC business in Seattle is mainly a sham, in which cosmetics count more than substance: Japan must be made to apologize for its progress in trade; the Americans want to show that they can play two games at once; and the others want to show off a little.

[LA REPUBBLICA] However, the interests of the Asian countries are necessarily convergent. Are the emergent countries—the new economies of Taiwan, Korea, Singapore, and Hong Kong, the "four tigers of Asia," as they are called—not somewhat afraid of Japan's huge commercial and financial might, for instance?

[De Cecco] They are afraid of Japan, but of China, too, now.

[LA REPUBBLICA] China? Is it not too soon to be afraid of the Chinese miracle?

[De Cecco] Too soon? IMF statistics show us that already, if we assess economies not in dollars, which favors the Americans, but in parity of purchasing power, China is the world's third economic power, with all due respect to Germany and the rest of G-7. Indeed, I cannot understand why we Western countries are still sending it money. If it maintains a development rate of 10 percent a year, as it has done hitherto, where will it be in 10 years' time?

[LA REPUBBLICA] Well, not in first place.

[De Cecco] Do you know what a friend of mine, an economic historian, says? That for 4,000 years manufactured goods went from East to West. Then for the past 150 years they have gone in the opposite direction. Well, this interlude is about to end.

Netherlands Official: GATT Barrier Removed

BR1911114193 Rotterdam NRC HANDELSBLAD in Dutch 18 Nov 93 p 25

[Unattributed article: "World Delighted by NAFTA, Hopes for GATT"]

[Excerpts] Brussels/Geneva, 18 Nov—The European Commission has welcomed the North American Free Trade Agreement (NAFTA) as an important step toward a world trade agreement. GATT Director Peter Sutherland said this morning that he was delighted. [passage omitted]

State Secretary of Economic Affairs Van Rooy said this morning that NAFTA had removed "an important barrier" for the American Government to lead GATT negotiations to a successful conclusion. "Now the U.S. Government can concentrate on completing the agreement and show to the world that the United States is fully committed to free trade," she said. The acceptance of NAFTA was positive, she said, subject to the condition that "this sort of cooperation does not lead to trade blocks which close themselves off to imports from third countries."

Spain Pleased With U.S. House Ratification

PA1811145893 Mexico City NOTIMEX in Spanish 1249 GMT 18 Nov 93

[Text] Madrid, 18 Nov (NOTIMEX)—Spain was pleased to hear yesterday that the U.S. House of Representatives ratified the North American Free Trade Agreement [NAFTA].

Javier Sansa, Spain's overall director of foreign trade, told NOTIMEX: "First, this is very good news for Mexico; second, for the United States; and then, for the rest of the world in general."

The U.S. House of Representatives voted to ratify the agreement with 234 votes in favor and 200 against.

Spain will benefit from the agreement's application "in the long run, because we will gain from Mexico's greater economic growth and by strengthening our presence" in that Latin American country, he explained. The business opportunities that open up for Spanish investors in what will be the largest commercial area in the world will "compensate for the diversion of trade we will see on a short-term basis with the treaty's implementation," he added.

The government official and expert in the field noted: "One of the more outstanding implications is the increase we will see in investment in Mexico now that the uncertainty about the agreement is gone."

Sansa believes U.S. investment will be the fastest growing in Mexico, although there will be investment flowing from other areas "that view the new free trade zone as an attractive place to set up shop and start producing."

Sansa said, "Mexico has made an enormous political investment to reach this agreement." He added, "The fact that the U.S. Congress has approved the treaty ensures that many reform processes that have begun in Mexico will be able to continue."

Economic reforms and market liberalization in Mexico now have "long-term security" and the country "is now firmly on the road to prosperity," he added.

The Spanish official stressed that the commercial relations between Mexico and Spain will now suffer a proportionally comparative reduction, given the different competitive conditions between the two countries.

He stressed, however, that this situation is directly associated with the creation of the new free trade zone and that Spain will be able to compensate for this disadvantage by way of other options within its relations with Mexico.

"The deterioration of trade relations between a member of the free trade zone and a third country is normal—it comes with the territory—but experience shows that the effects of creating new commercial channels are much more positive than the diversion this brings," he indicated.

Foreign Minister Welcomes Vote

LD1811181993 Madrid RNE International in Spanish 1400 GMT 18 Nov 93

[Excerpts] In international news, we highlight the welcome given by international economic circles to the approval of the free trade treaty between the United States, Canada, and Mexico. [passage omitted] Spanish Foreign Minister Javier Solana said that this decision by

the U.S. Congress will open up better prospects for approval of the Uruguay Round of the GATT. [passage omitted]

Swiss Economics Ministry Welcomes Approval

LD1911093393 Bern Swiss Radio International in English 0900 GMT 19 Nov 93

[Text] Switzerland's Economics Ministry has welcomed the acceptance of the North American Free Trade Agreement [NAFTA] by the United States House of Representatives.

A spokesman for the ministry said the agreement would provide an essential impulse for the liberalization of world trade which would have positive consequences for Switzerland. He said the country's trade experts expected NAFTA to bring more advantages than disadvantages for the export industry.

Last year Switzerland had a trade surplus of nearly 3 billion francs with the United States, Canada, and Mexico.

Czech Foreign Ministry Welcomes Ratification

AU1911095893 Prague CTK in English 2153 GMT 18 Nov 93

[Text] Prague, Nov 18 (CTK)—The Czech Foreign Ministry welcomes the decision made by the U.S. House of Representative which ratified the agreement NAFTA (North American Free Trade Agreement), the Ministry's Spokeswoman Lucie Pilipova told CTK today.

The ministry considers NAFTA ratification an important step in the gradual elimination of the barriers to free movement of capital, goods and services within larger economic systems, Pilipova said.

Pilipova said the Foreign Ministry hoped that now sufficient political will would be found to conclude the Uruguay GATT round, as the liberalization of the world trade had a great importance for the successful transformation of the Czech economy.

APEC Officials Relieved at NAFTA Passage

OW1811040293 Tokyo KYODO in English 0345 GMT 18 Nov 93

[Text] Seattle, 17 Nov KYODO—Trade ministers from Pacific rim countries gave a collective sigh of relief Wednesday [17 November] after the controversial North American Free Trade Agreement (NAFTA) squeezed through the U.S. House of Representatives.

"We are now back in business," Hong Kong Trade Secretary Tak-Hay chau said.

The fate of the U.S. free-trade pact with Mexico and Canada has dominated the atmosphere of both formal and informal meetings in Seattle, where officials from the Asia-Pacific Economic Cooperation (APEC) forum have been drawing up blueprints for the forging of closer trade ties in the region.

"It won't be an exaggeration to say that everyone here is keenly interested in the outcome of NAFTA," a senior Japanese Government official said.

While some countries in Asia have expressed reservations about NAFTA, APEC officials said failure to get the trade pact through Congress would have had a chilling effect upon the ministers' meeting in seattle.

Senior U.S. Administration officials had also warned that the collapse of NAFTA would tie President Bill Clinton's hands in the formulation of U.S. trade policy.

The congressional vote on NAFTA was "a test of our willingness" to open global trade and strengthen regional trading ties, Secretary of State Warren Christopher said in a speech in seattle Wednesday.

Mixed Reaction From Japanese Business Community

OW1811110293 Tokyo KYODO in English 1036 GMT 18 Nov 93

[Text] Tokyo, 18 Nov KYODO—Japan's business community reacted with a mixture of optimism and caution on Thursday [18 November] to the U.S. House of Representatives' passage of the North American Free Trade Agreement (NAFTA).

Some business executives said the accord should help expand Japanese exports to and investment in North America as it would eliminate tariffs between the United States, Mexico and Canada.

But others expressed concern over a possible increase in U.S. protectionism as the endorsement of NAFTA might have protectionist repercussions.

They also fear that President Bill Clinton, his political clout enhanced by the NAFTA passage, might step up U.S. pressure on Japan to resolve bilateral trade disputes.

Electric appliance and electronics manufacturers by and large welcomed the passage of NAFTA as some 30 companies have built manufacturing bases in Mexico, which would benefit most from the pact as the recipient of much foreign investment.

"This should help expand production in Mexico where labor costs are cheaper," said an executive at Matsushita Electric Industrial Co.

But some are worried about the possibility of NAFTA fostering a regional trading bloc closed to outsiders.

"It is undesirable for a move toward a trading bloc to surface within the NAFTA countries," said an executive at Hitachi Ltd.

NAFTA could have a significant impact on Japanese companies manufacturing cars in the U.S. and Mexico as a rules-of-origin clause would require tariffs on products assembled in Mexico from Japanese parts.

"I hope NAFTA will not discriminate against corporations within its area by nationality of capital," said Yoshifumi Tsuji, president of Nissan Motor Co., which has plants in both the U.S. and Mexico.

Because of these worries, business executives said a successful conclusion to the Uruguay Round of global trade talks is a key to containing possible protectionism from NAFTA.

Reportage From Seoul on NAFTA Approval

SK1811083193 Seoul YONHAP in English 0807 GMT 18 Nov 93

[Report by So Hae-sung: "NAFTA Ratification: Happy News for GATT, Extra Worries for Seoul"]

[Text] Seoul, 18 Nov (YONHAP)—The fate of the Uruguay Round global trade accord looks bright and clear with Wednesday's passage of the North American Free Trade Agreement (NAFTA).

Having won approval from the U.S. Congress, the world's biggest trade pact, embracing the United States, Canada and Mexico, will take effect 1 Jan next year after making its way through the Senate, which is likely to pose no problem.

The NAFTA showdown was the center of attention not only for 360 million North Americans but for the world because of its effect on conclusion of the Uruguay Round negotiations, which have an imposing 15 Dec deadline.

Some experts had predicted an 80-percent likelihood of UR success by the year-end with congressional approval of NAFTA, and a 40-percent chance with the defeat of NAFTA.

This is because ratification of NAFTA in some ways means defeat for the protectionists and victory for the champions of free trade.

As a result, U.S. President Bill Clinton will be sitting down at the Asia-Pacific Economic Cooperation (APEC) leaders' forum on Sunday with a bigger smile and a bolder voice for liberalization.

In time with NAFTA's passage in Congress, 116 countries are busy spelling out their terms and commitments to the General Agreement on Tariffs and Trade (GATT) administered UR talks with time fast running out.

Despite seven years of bargaining, much remains to be done to untangle the complications and disagreement over the global treaty, which is certain to revamp the world economy, before next month's deadline.

Korea is likely to suffer from the birth of the North American trade bloc and from the heavier pressure to open up in the UR negotiations, experts say.

It is close to desperation in trying to hold on to its rice market despite the read-my-lips "no exception" to agricultural opening warning by Geneva, Brussels, and Washington officials.

Seoul, so far firm on its position that its rice market is off limits to any form of opening, wants no minimum market access, nor tariffication. Ssome question how long the government can keep on saying no to the advanced countries.

The negotiating officials have argued that the Korean farming industry will collapse under the invasion of rice from the United States and EC, but they admit that their explanations fall on deaf ears when they are talking to their counterparts from major negotiating countries.

Washington officials point out that there are more than 50 countries with agricultural commitments to the global treaty and they all say they have their troubles and market uniqueness, therefore Korea cannot be an exception because it will effect a line of exceptions.

There are more than 100 agricultural items that negotiating countries maintain that they cannot open up by tariffication.

Among them are 15 non-trade concerns: Rice (Korea), rice and dairy goods (Japan), dairy goods and chicken (Canada), corn and horse beans (Mexico), dairy products (Switzerland).

Other countries, Japan included, are poised to soften and open through tariffication with years of suspension, and opposition to tariffication pressure is said to have become feeble compared to Korea and Japan.

The biggest stumbling block to the UR agricultural conclusion is the row over government subsidies between the United States and the EC, and with its removal all critical eyes will be on Japan and Korea and their rice markets.

The Korean Government will have a lonely and vain fight against advanced countries if Tokyo, as expected, announces a rice opening policy soon.

It is a "miserable state," an agricultural official says of the dilemma created by the inevitability of rice opening and absolute "no" from a majority of Koreans.

Measures Against NAFTA Discussed

SK1811144893 Seoul KBS-1 Television Network in Korean 1217 GMT 18 Nov 93

[Text] When the North American Free Trade Agreement [NAFTA] approved by the U.S. Congress comes into effect, our firms in the spheres of automobiles, electronic products, and textiles, will feel the pressure immediately.

The government held a conference to discuss the measures to cope with this situation.

During the first conference to discuss measures against NAFTA, after it was passed by the U.S. Congress, the government decided to create special countermeasure teams in four areas; automobiles, fabrics, clothes, and daily necessities. These exports will face serious difficulties immediately. The government also decided to drastically intensify diplomatic trade activities in North America.

[Begin recording of Han Yong-su, director general of the Trade Cooperation Bureau at the Ministry of Commerce and Industry] It is an urgent mission to intensify activities for trade negotiations. We will review how overseas investments are made most effectively in each field. For this, we will simplify the procedure for overseas investments. We have already secured funds for overseas investments. I think it is important to increase the funds. [end recording]

Domestic enterprises, which accepted the passage of NAFTA as a fact, have started to work on new measures amid a relatively calm atmosphere.

The Hyundai Motor Company, which has a plant in Canada, considers that immediate losses caused by stiffer regulations on the place of origin will not be very great. This company is making efforts to work out long-range measures.

[Begin recording of Pae Chong-tok, head of Hyundai's team in charge of North American affairs] We have a field plant in Canada. We intend to work out measures to cope with NAFTA using this plant. [end recording]

However, some business groups specializing in textiles think that their exports will suffer a great deal starting next year, and are rushing to work out countermeasures.

[Begin recording of Yi Yong-kwon, chief of the Development Department of the Sunkyong Group] Based on the result of our research of Mexican and NAFTA markets, we will expedite the advance toward this area. [end recording]

In view of the fact that NAFTA, which advocates free trade, excludes foreign enterprises—including us—with its tariffs and regulations on the place of origin, people point out that large business groups and parts manufacturers should advance jointly and that an investment guarantee agreement with Mexico should be concluded at an early date.

Philippine President Ramos Glad Over Approval

BK1911043093 Quezon City Radio Filipinas in English 0230 GMT 19 Nov 93

[Text] In Houston, Texas, President Ramos expressed gladness that advocates of the North America Free Trade Agreement or NAFTA led by President Bill Clinton prevailed in the lower house voting of the U.S. Congress. The NAFTA issue was hotly debated in the United States. President Clinton had to use his clout to persuade solons to vote for NAFTA.

NAFTA is the response to the United States [changes thought] rather NAFTA is the response of United States, Mexico and Canada to the European single market. Under it, there will be a free flow of goods among the three-member countries.

Approval by the U.S. House of Representatives of NAFTA is held timely because the Asia-Pacific Economic Cooperation or APEC meeting of leaders hosted by Clinton in Seattle on 19 and 20 November. In that summit 15 heads of government will be attending. Among the 15 are the six leaders of the Association of Southeast Asian Nations.

President Ramos as an ASEAN leader has openly proposed a free flow of trade between ASEAN and NAFTA. The Philippine president believes that the dismantling of trade barriers could help third world countries develop economically.

During an interview with Atlanta Journal Constitution at the Ritz Carlton Buckhead Hotel in Atlanta, Georgia, President Ramos indicated his support for NAFTA.

When he invited former [changes thought] rather when he visited former U.S. President Jimmy Carter, he also expressed his support for NAFTA. During that meeting, Carter gave a copy of a letter signed by five former U.S. presidents supporting the NAFTA position of President Clinton. The former presidents were George Bush, Ronald Reagan, Carter, Gerald Ford, and Richard Nixon.

Those opposed to NAFTA in the house maintained that instead of achieving free trade, the regional organization would result in more trade restrictions. These congressmen cited the volumious document of NAFTA containing so many dont's.

Thai Government Spokesman Welcomes Agreement

BK1811141493 Bangkok Radio Thailand Network in Thai 1200 GMT 18 Nov 93

[Text] Prime Minister Chuan Likphai had a dinner with Thai officials and journalists at Sea Garden Seafood Restaurant at 1845 in Seattle. During the dinner, the Thai Ambassador to Washington M.L. Phiraphong Kasemsi informed the prime minister that the U.S. Congress had approved the North American Free Trade Agreement, or NAFTA.

Government spokesman Aphisit Wetchachiwat said that the establishment of NAFTA will be benfecial to Thailand and other countries if the United States, Canada, and Mexico do not impose tax barriers against imports from other countries. Aphisit said:

[Begin recording] We have to see their stances towards other countries outside the grouping. It will be good if they do not impose tax barriers for products from other countries. I believe that in the future there will be closer coordination among free trade groupings and more openings in market access for other countries when more regional trade groupings are formed. [end recording]

Prime Minister Chuan Likphai is scheduled to meet with prominent foreign leaders on 18 November. His meeting with PRC President Jiang Zemin is expected to follow up the issues which had been discussed during the prime minister's recent visit to China and to discuss the progress of the quadrangle economic development project between Thailand, China, Burma, and Laos. His meeting with Japanese Prime Minister Morihiro Hosokawa is expected to discuss political developments in both countries. Thailand will thank the Japanese Government for buying rice from Thailand. Commenting on Japan's plan to open up its rice market, the government spokesman said that this is a complicated issue and can have an impact on the internal politics of Japan.

Belize

Prime Minister Names New Governor General

FL1811162093 Bridgetown CANA in English 1300 GMT 18 Nov 93

[Text] Belize City, 18 Nov, CANA—Dr. Colville Young, a 61-year-old educator, is Belize's new governor general. The appointment was announced by Prime Minister Manuel Esquivel in Parliament.

Dr. Young assumed office Wednesday afternoon after being sworn in by Chief Justice Sir George Brown as the second governor general of the former British colony. Dr. Young, married and the father of four children, holds a Doctorate in Philosophy in Linguistics from the University of York, and a Bachelor of Arts degree from the University of the West Indies (UWI).

He served as principal teacher and lecturer at various secondary and tertiary level education institutions in Belize from 1973 to 1990. From 1990 until his appointment as governor general, Dr. Young served as a lecturer at the University College in Belize (UCB).

He replaced outgoing Governor General Dr. Dame Minita Gordon, whose relations with the government soured. The new governor general told the press he will be carrying out all the community projects which were initiated by his predecessor. These include regular parties for poor Belizean children and a scholarship fund for poor girls to pursue secondary school education.

Opposition PUP Boycotts Parliament; Protest Tax Increase

FL1811154993 Bridgetown CANA in English 1242 GMT 18 Nov 93

[Text] Belize City, 18 Nov, CANA—Belize's opposition People's United Party (PUP) boycotted Wednesday's sitting of the House of Representatives. The PUP said the boycott was a first step to voice opposition to tax increases and alleged victimization and intimidation by the government.

Other actions the PUP said it would be taking include the staging of public meetings and peaceful demonstrations, starting in the northern part of the country, and a mobilization of supporters in all 29 constituencies.

The boycott was announced as the House prepared to meet in the nation's capital, Belmopan, to debate the revised fiscal budget presented by Prime Minister Manuel Esquivel two Friday's ago. The opposition announced the boycott during a press conference at its headquarters in Belize City. Also at the press conference, claims of an imminent arrest of party chairman Said Musa and other top officials were brought up.

"It is clear to all that we have not committed a crime and that the government is looking for an excuse to arrest one of us," Musa said. Several busloads of PUP supporters came to Belize City to rally behing the leaders. The sitting of the House of Representatives continued despite the opposition's boycott.

El Salvador

Cristiani: State Role in Death Squad Investigations

PA1811235193 San Salvador Canal Doce Television in Spanish 0300 GMT 18 Nov 93

[Report by Alfredo Villareal from the "Up-to-Date" newscast]

[Text] President Alfredo Cristiani has clarified that the United Nations has not conditioned the death squad investigations on the appointment of an independent commission, as the Farabundo Marti National Liberation Front is demanding. According to Cristiani, collected evidence will only have legal validity if the state gathers it.

Cristiani said that the commission the United Nations had proposed to investigate the existence of illegal armed groups has not yet been created, as the UN secretary general's decision on how the commission should be comprised is being awaited. Nevertheless, the president said the government must head it; otherwise, the evidence collected would not have any legal validity.

[Begin Cristiani recording] Only a Salvadoran Government institution can conduct an investigation intended to have judicial usefulness in court; thus, for an investigation to be effective, a Salvadoran Government institution must participate. [end recording]

The president said the human rights ombudsman may help in these investigations and clarified that his government has never blocked the participation of this state institution.

[Begin Cristiani recording] We accept with pleasure the cooperation of the human rights ombudsman and the human rights division of Onusal [UN Observers for El Salvador]. It is to this end that we are seeking to devise a mechanism. [end recording]

Finally, the president said that with the start of the electoral campaign on 20 November, the National Civilian Police will be available to guarantee the security of those candidates that so request it.

Guatemala

Occupiers Leave OAS Office, Charge de Leon With 'Impunity'

PA1811225493 Guatemala City Teleonce Television in Spanish 1900 GMT 18 Nov 93

[From the "Telepress" newscast]

[Text] Members of the Peasant Unity Committee [CUC] and the National Commission of Guatemalan Widows [Conavigua], which on 17 November peacefully left the OAS office they had been occupying since 27 October, have charged that President Ramiro de Leon Carpio has acted in favor of impunity in the country by refusing to dissolve the Civilian Self-Defense Patrols.

Felix Loarca Guzman, secretary of the Presidency's information section, has commented by saying that what the occupants of the office have charged is not true:

[Begin recording] [Loarca] I would say that certain sectors think the complete opposite is true. Ramiro de Leon has demonstrated in the past—and now—that he is firmly committed to respect for human rights. At the international level he enjoys full credibility and trust. We respect these people's opinion but do not share it.

[Unidentified reporter] Will the government satisfy their demands?

[Loarca] They have delivered a document, and the appropriate channels will study it, and they will be given a timely answer. [end recording]

Defense Minister on Peace Process, Forced Conscriptions

PA1811210393 Guatemala City Teleonce Television in Spanish 0400 GMT 17 Nov 93

[Report on news conference by Defense Minister General Mario Enriquez at the Government Palace in Guatemala City; date not given; from the "Telepress" newscast; passages within quotation marks recorded]

[Text] The Army does not rule out that urban guerrillas may exist, even though they are not part of an organized structure. This was stated by Defense Minister General Mario Enriquez while commenting on this and other topics during a news conference.

[Enriquez] "We do not rule out the existence of urban guerrillas. Nevertheless, when I say we do not rule it out, it does not mean that we lack reliable information from our intelligence corps but that we do not rule it out because the subversives move about at will and as they wish throughout the Republic. It is even possible that guerrillas do some legal business here at the [Government] Palace, because they do not go about dressed as guerrillas. They go around dressed as civilians.

"Furthermore, in many places of the country they stage ambushes and later hide their weapons in caches, change their clothes, and appear with a hoe or a machete as any other peasant. In turn, why would we rule out the possibility that subversives are roaming about in Guatemala? You can be certain they move about here in the capital and in the urban areas.

"Nevertheless, in terms of a possibility of an infrastructure for urban guerrillas existing—just as there was in 1982, or between 1977 and 1982—I rule out this possibility. There is no firm structure. I do not rule out, however, the possibility that they may come to carry out terrorist actions or acts of sabotage here in the capital."

The defense minister also said the possibility of restarting negotiations between the government and the guerrillas, within the framework of the peace process, is an encouraging topic for those who may wish for an end to the internal armed conflict.

[Enriquez] "The URNG [Guatemalan National Revolutionary Unity] has agreed to hold an initial meeting with the government delegation. I hope this will be the beginning of the end of this internal armed conflict, which has brought so much sadness and so much pain to many Guatemalans over the past three years [as heard]. I can sincerely tell you that this conflict was never sought or started by the Guatemalan Army. The Army is, however, willing to put an end to the conflict, not because it is afraid of fighting—we get used to it—but because we want peace for those areas where guerrillas are present. These areas are inhabited by the poorest people. It is time for them to live in peace."

Finally, the defense minister admitted there were cases of forced recruitment in certain regions of the country, as has been reported to the human rights ombudsmen.

[Enriquez] "There have been many complaints from the departmental branch offices of the human rights ombudsman that some people were recruited by force. I must tell you that I have already spoken to the human rights ombudsman and I told him: Unfortunately it is true in several of the cases that have been reported. Every case that has been reported by the Office of the Human Rights Ombudsman and its branch offices in all departments of the country has been resolved immediately because we have heard of cases of minors, married men, and even students who are recruited. Congress needs to pass the military service law. We hope that when Congress sessions begin in January, the law will be one of the first ones to be passed.

"We want Army recruiting to be done according to the law. I would like to tell you that if there is someone who is concerned about forced recruitment or involuntary recruitment, that is because we know perfectly that the Army has a lot of eyes and ears interested in reporting the mistakes that are made every time the recruitment period begins. This is why we are the first ones who want this to end once and for all in Guatemala."

Honduras

President Callejas Uninjured in Helicopter Accident

PA1811233793 Tegucigalpa Voz de Honduras Network in Spanish 2245 GMT 18 Nov 93

[Text] The EFE NEWS AGENCY has transmitted a report datelined Tegucigalpa on an incident that

occurred this afternoon. The report states: Honduran President Rafael Leonardo Callejas was uninjured today when the engine of the helicopter in which he was travelling in northern Honduras failed. The other eight people on board the helicopter were also unharmed.

A reporter, who was with the group, and later the president himself confirmed the accident, which occurred when the engine failed at an altitude of approximately 3,500 meters. The helicopter began to drop rapidly, but the pilot was able to control it and make an emergency landing.

The nine on board the helicopter included President Callejas; one minister; two radio station journalists; one cameraman; three crew members; and several [as heard] members of the official party accompanying the president.

Poll Shows 'Virtual Tie' in Presidential Race

PA1811212293 San Pedro Sula LA PRENSA in Spanish 16 Nov 93 pp 6-7A

[Excerpt] According to the latest poll conducted by the Cid-Gallup Co., Carlos Roberto Reina, presidential candidate for the Liberal Party of Honduras [PLH], is ahead of Oswaldo Ramos Soto of the National Party of Honduras [PNH] by 1.8 percent. According to the poll, this could be considered a virtual tie between the two candidates because the sample has a 2.9-percent margin of error.

The survey was conducted 4-14 November and includes data on President Callejas' administration and the electoral process that will culminate on 28 November. The poll was taken on a sample of 1,480 Hondurans who were 18 years old or older. The final results, according to Cid-Gallup, have a confidence rating of 95 percent, because the margin of error is 2.9 percent.

When asked if elections were held today, who would you vote for, the answers given produced the following results: 40.6 percent of those polled said they would vote for PLH's Carlos Reina; 38.8 percent said they would vote for Oswaldo Ramos Soto of the PNH; 5.1 percent for Olban Valladares; 1.8 percent for Iriarte; 5.2 percent of those polled said they will not vote; 2.2 percent said they were undecided; 1.1 percent does not accept the electoral ballot; 1.7 percent said they would vote for no one; and 3.4 percent said they do not know or failed to respond.

Regarding the party they prefer, the results were as follows: 44.2 percent said they prefer the PLH; 43.2 percent the PNH; 3.4 percent the PINU-SD; 1.1 percent the Honduran Christian Democratic Party; 6.2 percent none; 1.8 percent do not know or failed to respond. [passage omitted]

Argentina

Airport Privatization Through Concessions Planned in 1994

PY1811135593 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2316 GMT 17 Nov 93

[Text] Buenos Aires, 17 Nov (NA)—During a seminar organized by the Argentine Industrial Union (UIA), Economy Minister Domingo Cavallo said tonight that the privatization, through concessions, of the airports will be implemented in 1994.

Cavallo said: "Economy Ministry and Defense Ministry teams are working on the transfer of the airports, and we hope that by next year we can grant the concessions." He revealed that Rafael Eduardo Conejero, under secretary for ports and navigable waterways, will be the "key" man in the negotiations with the Defense Ministry and in the calls for bids for the airports. "He still does not know this and he is going to learn about it tomorrow in the newspapers, but Conejero is going to carry out this job as soon as he finishes the privatization of the ports," the minister said.

Cavallo also indicated that on 14 December bids will be opened for the redredging of the Mitre Canal on the Parana River from its mouth at the River Plate to the city of Santa Fe. He expressed his satisfaction over the interest shown in this job by the most important dredging enterprises in the world, which will participate in association with Argentine enterprises.

Regarding the main theme of the seminar, "Port, airport, and transportation costs," the minister stated that deregulation and the granting of concessions for ports has reduced costs considerably. In this respect he termed as "spectacular" the results that have been obtained, for example, in the port of Madryn, where stowage costs dropped from $130 per metric ton of fish to only $20.

Bolivia

New Consul General to Chile Named

PY1811135993 La Paz LA RAZON in Spanish 11 Nov 93 p A3

[Excerpt] The Bolivian Foreign Ministry has confirmed Armando Loaiza as consul general in Chile, replacing Alberto Zelada. According to Foreign Ministry sources, the naming of Loaiza does not need the "agreement" [preceding words in English] of the Chilean Government because it is only needed at the level of ambassador.

Loaiza, who is currently director of the Bolivian Diplomatic Academy, said the letter he received from his friend Rodrigo Diaz Albonica, the Chilean under secretary for foreign affairs, only contains congratulations for being named consul general and that in no way is it an "agreement" [preceding word in English]. [passage omitted]

Brazil

Uruguay To Gain Access To Brazilian Satellite System

PY1911015693 Rio de Janeiro O GLOBO in Portuguese 18 Nov 93 p 24

[Text] The Brazilian Telecommunications Company and the Uruguayan state-owned telecommunications company Antel [National Telecommunications Administration] yesterday signed an agreement through which the Uruguayan company will now have access to the Brazilian satellite system.

'Definitive' Cabinet in Late December, Early January

PY1811135393 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 18 Nov 93

[Text] Pedro Simon, the government leader in the Senate, said that President Itamar Franco wants a definitive cabinet by late December or early January.

Pedro Simon announced that some ministries that will be vacated by the ministers who will become candidates [in the 1994 elections] will be filled, and that the Social Welfare Ministry and the Regional Integration Ministry will be abolished.

IDB Approves Loans To Decontaminate Guanabara Bay

PY1811135793 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 18 Nov 93

[Text] The Inter-American Development Bank [IDB] has approved two loans for Guanabara Bay decontamination projects.

The IDB funds total $350 million. One of the loans has a 25-year repayment period and adjustable interest rates. The other loan also has a 25-year repayment period, but a fixed interest rate of 3 percent per annum.

* Issues Unresolved in Mercosur Talks With Argentina

94SM0095A Sao Paulo GAZETA MERCANTIL in Portuguese 29 Oct 93 p 3

[Article by Maria Helena Tachinardi: "Brazil Waiting for Argentina's Answers in Order To Continue Mercosur Talks"]

[Text] Brasilia—The Brazilian Government is waiting for some answers from Argentina so that it can continue to hope for success in the negotiations regarding Mercosur [Common Market of the South], which is scheduled to come into existence on 1 January 1995. The commercial agenda between the two countries includes an accumulation of unresolved quarrels:

1. Argentina is importing subsidized pork from Denmark to the annoyance of the Brazilian Government, which has asked for explanations but has not received an answer.

2. In connection with Mercosur, Brazilian diplomats have also been surprised by Argentina's "inflexible" stand regarding the common external tariff. "The proposal was a nonstarter (that is, there was not even enough to start talking about)," is how one diplomatic source summed it up.

3. On Minister of Economy Domingo Cavallo's last visit, on 7 September, it was promised to Minister of Finance Fernando Henrique Cardoso that no more antidumping or safeguard measures against Brazil would be adopted. The Brazilian Ministry of Foreign Affairs is concerned about the possibility that antidumping duties will be imposed on a number of Brazilian products such as polyethylene, PVC, and caustic soda.

4. In March and May, the Argentine Government adopted SICE (Secretariat of Industry and Foreign Trade) Resolution 1,493—later amended by two other resolutions (SICE 80 and SICE 148)—for the purpose of encouraging industrial conversion by means of special import licenses with differentiated tariffs.

The main products benefiting from those measures are auto parts, electronics, machines and tools, textiles, and iron and steel products. Until 31 December 1996, products imported by Argentine firms up to an amount equal to the increase in their exports will be subject to a duty of only 20 percent.

Between 1 January 1997 and 31 December 1999, that benefit will be gradually reduced until the nominal import duty is restored. Exported products will be eligible for a 15-percent reimbursement. "With that domestic protection, competition will be difficult," commented one source in Brazil's Ministry of Foreign Affairs.

The Brazilian Government is concerned because those measures extend past the date when Mercosur will take effect. "Where does that leave the Asuncion Treaty? And the Accord on Economic Complementarity between the two countries?" asks one government source.

5. Argentina imposed quotas this month on Brazilian exports of vertical freezers (14,040 units), horizontal freezers (18,300), and porcelain insulators (208 units).

6. Argentina has invoked Article 19 of GATT to adopt safeguards against Brazilian products. Brazil does not know whether those measures are compatible with GATT rules, since GATT was not notified by Argentina, according to sources in the Ministry of Foreign Affairs.

Exports to Economic Blocs (in U.S. dollars F.O.B.)

	January-September			September		
Description	1993(A)	Percent	Change since 1992 (%)	1993(C)	Percent	Change since 1992 (%)
Grand total	28,940,787,810	100.00	11.77	3,444,725,580	100.00	14.01
Latin American Integration Association (ALADI)	6,719,366,299	23.22	27.48	777,068,255	22.56	15.16
Central American Common Market (CACM)	175,952,169	0.61	18.71	17,805,454	0.52	16.77
Rest of Latin America	131,135,541	0.45	35.00	13,290,312	0.39	-32.82
Caribbean Common Market (Caricom)	75,445,706	0.26	25.17	9,803,375	0.29	60.34
Canada	341,076,569	1.18	16.64	41,599,108	1.21	56.58
United States (including Puerto Rico)	5,914,259,052	20.44	14.59	729,118,176	21.17	40.38
Rest of the Americas	98,847,918	0.34	-1.32	6,368,085	0.18	-31.47
East Europe	359,257,002	1.24	46.24	50,995,591	1.48	26.09
European Economic Community (EEC)	7,547,391,692	26.08	-3.43	895,544,699	26.00	2.91
European Free Trade Association (EFTA)	371,230,857	1.28	16.78	46,296,116	1.34	21.24
Rest of West Europe	196,150,825	0.68	10.07	23,998,112	0.70	25.23
Asia (excluding Middle East)	4,744,736,159	16.39	17.22	575,860,578	16.72	7.92
Middle East	944,090,049	3.26	-3.24	146,982,736	4.27	29.99
Africa	777,838,089	2.69	-3.52	78,002,785	2.26	-1.68
Oceania	194,234,631	0.67	21.71	20,472,615	0.59	25.49
Supplies for ships and aircraft	76,630,439	0.26	-64.13	11,439,583	0.33	-53.28
Not stated	273,144,813	0.94		0	0.00	-100.00

Source: Ministry of Industry and Commerce, Secretariat of Foreign Trade.

That list of matters is worring Brazilian diplomats as the time draws near to make decisions on crucial matters, examples being the definition of a common external tariff and of the institutions that will administer the new common market. Minister of Foreign Affairs Celso Amorim told this newspaper last Wednesday that thought needed to be given to the kind of relations the two countries want: something similar to the relationship between the United States and Canada, which form a free trade zone with no restraints or obstacles in their ties and have exchanged antidumping measures for dispute-settlement panels within the framework of GATT, or something resembling the relationship existing between France and Germany, which are part of a common market and do not apply restrictive measures against each other.

As far as Amorim is concerned, the ideal relationship would be that between the French and Germans. The minister does not know whether Latins are imperturbable enough to deal with disputes without harming their good relations. Argentine sources contacted by this newspaper agree with the statement by the minister of foreign affairs that relations between Brazil and Argentina could take their inspiration from the French-German model, but considering the differences between the macroeconomies of the two countries, it will be difficult not to adopt restrictive measures, said one official in Buenos Aires. Argentina is adopting a new industrial policy aimed at increasing its competitiveness in the foreign market.

* Effects of Setbacks on Economic Team Viewed

94SM0094B Sao Paulo ISTOE in Portuguese 27 Oct 93 pp 72-73

[Article: "A Minister on the Brink of a Nervous Breakdown," by Carlos Jose Marques, with contributions from Brasilia correspondents Graca Seligman and Sylvio Costa]

[Text] Fernando Henrique Cardoso [FHC] suffers another defeat, cannot announce his package of measures, and faces the threat of economic team resignation.

The national malaise reached its peak on Thursday 21 October. While economist Jose Carlos Alves dos Santos was firing off his bazooka of charges against legislators, ministers, and businessmen, the country was caught up in a whirlwind of emotions. PC Farias turned up again, "indignant" about the corruption on the Budget Committee and asking his brother, Deputy Augusto Farias, to help in the investigations. The threat of an economic shock treatment, a tax increase, and some tinkering with investments was hanging in the air. The rumor mills were grinding at full tilt and announcing casualties among staffers at Finance. Panic seized the markets. Because of all this, the stock exchanges went through a sort of Pearl Harbor, and prices plummeted. Losses during the week exceeded 20 percent. On Friday, the indexes started climbing again. In the eye of the hurricane, the economy squirmed nervously.

Finance Minister Fernando Henrique Cardoso, immersed in a pressure cooker ever since the inflation rate threatened to get out of control, tried to play medicine man and resorted to a magic potion. His recipe mixed one package of changes in the privatization program, another package of fiscal adjustment achieved through increased revenues and yet another packet of proposals for the constitutional revision. He had no luck. "We cannot keep being sabotaged all the time," he complained to a group of politicians from whom he went to seek for support on the eve of submitting his economic magic cure to Chief Itamar. The soap opera concerning the measures that were taken to the president's office on Thursday merely reinforces the impression that the status of the economic team is one of chronic impotence.

The members of the team themselves gave clear signals that they no longer believe effective stabilization measures can be taken in the near or midterm future. Andre Lara Resende, negotiator of the foreign debt and one of the minister's key advisors, even submitted his resignation. "I came here to work on far-reaching measures, not to come up with some halfway plan," he told one person. Persio Arida, president of the BNDES [National Bank for Economic and Social Development], threatened to depart with him. "I beg you to understand, this is an extremely delicate time and we need all the help we can get," was Minister FHC's appeal. He managed to mollify the two temporarily, but no one knows for how long. During his six-hour meeting with the president and ministry colleagues, FHC had to deal with additional dissent. "I would like to ask that criticisms be made directly, not through the newspapers," he said. In an effort to prevent disagreements from surfacing publicly among members of the economic area, Itamar is supposed to hold weekly meetings. The only concrete result of this one was approval of the basic outlines of the new privatization program, the greatest novelty being inclusion of the entire electric utility sector.

The program will be a lot less than had been planned when Vale do Rio Doce Company and the telecommunications sector were included. Likewise, what had been envisaged in terms of a fiscal adjustment—that carried the subversive proposal of a 35 percent income tax rate, plus other terrorist attacks on financial investments—was torpedoed. FHC did not hide his disappointment as negotiations ended. He had believed that with Congress singed by a torrent of charges and countercharges, it would be easier to get some tough measures enacted. "There was no billy club to hit with," one of his advisors said. The aim was to pick up an additional $7.8 billion in revenues through provisional measures, presidential decrees, and legislative proposals. That would mean a 16 percent increase in the net tax burden.

Without that reinforcement, the mandarins at Economy will have to turn cartwheels to reach the goal, set by Itamar, to cut the government deficit from $25 billion to

$10 billion. The challenge is made even more difficult by constant requests for more funds from state governments and politicians for projects such as drought relief. In a 19 October meeting with Northeastern legislators to discuss the release of appropriations, FHC showed what a toll the problems of administering an empty treasury has taken on him. In answer to the request, he said in exasperation: "You don't need to convince me. It is not right to play politics with people's lives, but I just do not have the money. I'm issuing dummy checks."

To meet the needs of this distribution of funds for social needs, and other commitments to health, social security, and the battle against drought, hunger, and misery—priorities listed in a press release from Planalto Palace—Minister FHC, against his will, will have to issue bonds, thus fattening the debt.

"That is irresponsible," FHC exclaimed. Unfortunately, the bankers are going to make more money. Just like that. But don't come to me tomorrow demanding lower interest rates. Don't come to me tomorrow to demand that I reduce inflation."

Having held his job for a little more than five months, FHC knows he is taking the gamble of his life. If he conquers inflation and gives the economy some stability, he will be in a position to emerge, on the eve of the elections, as an unbeatable presidential hopeful. In conversations with politicians and ministers, he has cast aside that issue in the hope of seeing questions he believes are more urgent resolved. He told the northeastern delegation so directly: "What are we going to do with this country? We must not fight over trivial issues. The party, my candidacy, are of little interest to me. We are in a situation—excuse me if I get emotional—but we have reached the limit. We are on the verge of losing out in this [constitutional] revision."

Reactions such as FHC's convey an idea of the temperature in the Ministry of Finance building. The efforts by the economic team to put a better face on the deep crisis it is experiencing have not worked. Behind the scenes, a real war, even among members of the team, could precipitate the rupture. In the area of privatization, for example, the entire board of directors of the program is likely to be dismissed in the next several days. FHC and Persio Arida will take over direct control of the process. The Minister still has to mediate the dispute between his advisors and the advocates of the tax approach, who proposed increasing the Tax on Financial Transactions (IOF).

"Those advisors are very junior, they spent two months studying about what to do but came to no conclusion," said a technical staffer at the Federal Revenue Secretariat. "At the last minute, we had to submit the same old end-of-year package." True, at the end of every year, the taxpayer is gifted with a package that increases the tax burden. Not enough to restore the Union's cash position, the medicine serves only to tarnish the prestige of the team, which has managed the economy with all the stability of a toboggan: full of ups and downs. The way things are going, the ladder that could take the minister and his team to the gallows has 40 steps, the maximum inflation rate acceptable to the Itamar government. They have already climbed up 37 of them.

* Bankrupt Engesa Becomes Takeover Target

94SM0094C Sao Paulo ISTOE in Portuguese 27 Oct 93 p 71

[Text] Chapter I: Sao Paulo businessman Wilson Mendes Caldeira Junior, of the Brasilinterpart business brokerage firm, announced at the end of July that he was interested in buying Engesa [Specialized Engineers, Inc.], now in Chapter 11, provided its debts did not exceed $350 million. Chapter II: an auditing firm hired by the wheeler-dealer found that what was once Latin America's largest manufacturer of tanks and wheeled armored vehicles owes its creditors more than $500 million. Chapter III: after unsuccessful negotiations with a handful of creditors to get them to reduce the company's liabilities, Mendes Caldeira said on 13 October that he had given up the idea of buying the firm. Chapter IV: the people who control Engesa informed the court that they cannot honor its debts, and Judge Nuncio Theophilo Neto of the First Civil Court of Barueri (Sao Paulo State) ordered the company into bankruptcy on Monday 18 October. That same day, 200 military police surrounded the factory in Sao Jose dos Campos in Sao Paulo. Employees, who had not received any paychecks since 1990, are being kept outside.

This sequence of discouraging, but predictable, events does not, however, mean the end of the Engesa soap opera. In the first place, because bankruptcy proceedings can go on for 10 years. In the second place, because at least two Sao Paulo businessmen are very interested in reactivating the company provided they do not have to honor all the debts it assumed with more than 400 creditors, including suppliers, the Army, and government and private banks, besides the employees. One of these businessmen is Wilson Giannetti, who is in the mining business. With only $100 million, he plans to pay the back wages to Engesa employees ($43 million), rehire them, and set up a new Engesa.

The other man is the familiar Cito Mendes Caldeira. Since he joined forces with the Arab group Overseas Finance and Management Corporation to buy Engesa at auction, Cito has been trying to negotiate with the principal creditors of the group—Bank of Brazil and BNDES [National Bank for Economic and Social Development] among them—to get the size of the debt reduced, arguing that it would be better for them to receive less than to wait for the company to go bankrupt, in which case they would not know when and if they will get anything. Cito's arguments did not cut much ice with the creditors, so he waited for Engesa to go bankrupt. And now he seems to be in the catbird seat. The businessman said that as soon as he can arrange enough

orders from foreign countries to justify resuming production at Engesa, he will contact the creditors again. And he is sure to offer them a lot less than they have coming to them. "In a bankruptcy, credits are worth half their face value, since the creditors risk not getting anything. If I were the lawyer for one of them, I would recommend they sign a deal for as little as 40 percent of what they are owed," said an attorney who specializes in bankruptcies and Chapter 11 cases.

This is precisely what Cito is counting on. After all, since Engesa has assets of $200 million, against debts of more than $500 million, it is a sure thing that after the assets are sold off, some creditors will go home empty-handed. Especially when you consider that, by law, the employees' claims are given absolute priority. It is rumored on the market that the controllers of Engesa themselves (brothers Jose Luiz and Jose Guilherme Whitaker) are behind this well-planned operation. The theory is that the two brothers who, along with other directors of the Engesa group, personally guaranteed $250 million on various bank loans, have signed some sort of "under the table" contract with Cito. Through it, Cito would appear as the buyer and negotiate a reduction in the debts, while the Whitakers would continue as the true owners of the company, free of debts and relieved of the possibility that their personal assets might be seized. Another theory suggests they would not reassume control of Engesa, but would be released from the guarantees given the banks.

Company attorney Maicel Anesio Titto used a legal argument to demolish these theories: he pointed out that only the creditors can suspend the guarantees. Explanation: a bank might, for example, grant Cito a reduction in the sum it is supposed to receive, but might still not exempt the former owners from their obligation. Titto rounds out his defense by alleging that an eventual purchase of the bankrupt estate, whether by Cito or someone else, does not depend on what the Whitakers want, but on what the bankruptcy trustee and the judge decide.

At any rate, the fact is that brothers Jose Luiz and Jose Guilherme are trying, by another route, to avoid dying with their losses. They have filed suit in the courts to force Imbel [War Materiel Industry] to take over control of Engesa, on the grounds that the company, associated with the Ministry of the Army, signed a memorandum of intent with the now-bankrupt Engesa, committing itself to negotiate its debts and find a buyer in the future. Engesa attorneys argue that Imbel did not live up to the agreement, and they want it to take over the company and its debts. "Imbel never agreed to outline a plan for Engesa's recovery; it was assigned to coordinate actions aimed at allowing the firm to continue the business activities that were of strategic interest," answered Imbel director Lucio de Souza Pereira. According to him, the memorandum established as its starting point the sale of real estate owned by the group, to pay off creditors. Since those who control Engesa were unable to obtain the certificates needed to dispose of those assets because of their tax debts and obligations to the social security system, the memorandum became a dead letter. As you can see, the Engesa soap opera will drag on for a long time.

* Internal Reform Movement Emerges Within FIESP

94SM0091A Sao Paulo ISTOE in Portuguese 13 Oct 93 pp 40-42

[Article by Carlos Jose Marques: "Tremors in the Pyramid"; introductory paragraph in boldface as published]]

[Text] **In the midst of a leadership crisis, the FIESP [Sao Paulo State Federation of Industries] is establishing an internal parliament, drafting a revision of the bylaws, and seeking renewal.**

Brazilian businessmen are discovering that leaders do not roll off of assembly lines. Not even their own. Now that they are being called upon to occupy a bigger place in the economy in a time of constitutional revision and privatizations, they find themselves without representatives to express their interests. The complaint comes from within: the figure of a leader speaking for everyone is lacking, and no one knows when one will appear. The problem is most apparent in the FIESP, the central organization of the Sao Paulo businessmen who dominate an industrial territory equal to Chile's entire industrial sector. At a meeting behind closed doors on Monday the 4th, it was decided that there would be a general housecleaning. The pressure was on for a more aggressive stand by the leaders. Since the challenge appeared difficult, shared management was the solution. A genuine businessmen's parliamentary system has been instituted at the FIESP. Managers have been replaced or reshuffled. Task forces have been appointed to lay down a new organizational structure. And more important, the businessmen's ideology is being revised. "We want to change the old slogans, the old ideas, and the centralized system," says Horacio Lafer Piva, a businessman in the cellulose industry who is now taking over as pilot of the reforms.

Piva is going to coordinate a kind of industrial constituent assembly. About 30 businessmen have joined with him to do the job. Within 90 days, optimistically speaking, or within six months, pessimistically speaking, they are to present the outline of a draft revision. The internal bylaws—the Holy Bible of industrialism—will be gone over from top to bottom. Among the most daring proposals being discussed are mechanisms that were unimaginable when the FIESP was established back in the long-gone 1930's. Among them: 1) the possibility of impeaching the president (of the FIESP, obviously); 2) an ombudsman who will criticize the management on behalf of the members; 3) a reorganization of the way in which the federation's funds are distributed to affiliated bodies; and 4) a reevaluation of the relative weight that each association will have in reaching internal decisions.

Under the anachronistic system still in effect, the Association of Hatmakers or that of walking stick and umbrella manufacturers has the same electoral weight as the association of auto parts or machinery manufacturers. Any label at all has always been highly respected within the FIESP.

All of that will be put in check. Direct elections, which do not yet exist—the president is chosen by a select confraternity of 121 association leaders—are also part of the plans. Last week certainly witnessed the biggest shakeup ever experienced by the FIESP. And judging from the organization's reverberating power, it may be symbolic of what is to come in Brazilian business circles. "There is no doubt that a repressed demand for change in business behavior exists," says Antonio Ermirio de Moraes, president of the Votorantim group and one of the most thunderous voices in favor of reforms. Jose Mindlin, president of Light Metal, concurs: "Business democracy is the foundation of market growth." "The centralizing power of the associations and federations is over, and businessmen are going their own ways," says Luiz Adelar Scheuer of Mercedes-Benz, who is himself a leader in Anfavea (National Association of Automotive Vehicle Manufacturers).

What may seem at first glance to be an insurrection movement against the establishment is, judging from what the reformers are advocating, a movement to adjust to the times. It is not news to anyone, including the businessmen themselves, that the principle behind the establishment of federations such as the FIESP was imposed by law. The FIESP is a product of the union structure that Getulio Vargas copied from fascist corporatism. Its chief characteristic is the vertical principle: unions are joined together in federations, and federations join to form confederations. That model perverted the original idea of free and voluntary association that was the ideal of the patriarchs of Sao Paulo's industrialization—men who have now become legends, examples being Count Francisco Matarazzo, Roberto Simonsen, and Jorge Street. With its performance and prestige having gradually declined, the FIESP will have to change in order to salvage its former position as representative of the businessmen. "The power structure in the FIESP is medieval," says Ricardo Semler, president of the Semco group and author of the book *Virando a propria mesa*, which revolutionized ideas of management.

Some time ago, the FIESP turned into a model of appeasement whose incestuous relations with the state were occasionally interrupted by inconsequential verbal outbursts on the part of its former president, Mario Amato. The powerful organization, whose members pocket one out of every two cruzeiros generated by domestic industry, got into the habit of trying to please the government and emulating its ideas, no matter what they were. No minister of finance is ever criticized, and every package or shock since the deceased Cruzado Plan has been welcomed. Even the Collor administration's glaring unpaid debt was regarded at first as being a necessary sacrifice and did not call forth immediate action.

That behavior by the FIESP destroyed the credibility of its leaders. The elections that put Carlos Eduardo Moreira Ferreira in the president's seat in the middle of last year provided a good opportunity, but a wasted one, to make sure that the same old ways would not continue. Moreira Ferreira, who is now completing his first year in office, is considered hesitant, remiss in dealing with national issues, and insignificant in internal debates. He is often compared to his predecessor Amato. In a comparison of their styles, Amato is seen by the businessmen as a "sanguine" leader whose administration was marked by emotional but no less temporizing leadership. Moreira Ferreira is facetiously called a "phlegmatic" leader because of his weak performance. And that is a problem in a country where the president of the republic is "mercurial" (his own definition of himself) and goes "from freezing to boiling" on national issues. In private conversations, Moreira Ferreira is attacked more intensely and with less diplomacy. "He is an ineffective bureaucrat," says one of his detractors. "The criticism comes from those who are anxious," says Moreira Ferreira in self-defense. "We are making changes, and we are going to show more action and less reaction in this second year of our term."

Generally speaking, there has been a lot of talkativeness in the FIESP, a situation that runs counter to tradition and the unanimity revealed in the organization's recent election. The rumpus is interesting because it reveals behavior among the industrial barons that is usually invisible. Their debates have historically taken place under the inviolable discretion of closed-door meetings. More recently, the internal conflict has spilled out of the offices into the corridors, and now it is leaking through the walls of the pyramid that is the organization's headquarters. There is a clear division between the "conservatives" and the "progressives." The latter, who want to ventilate the FIESP with neoliberal ideas of the "only the market saves" type, have gained more ground with the replacement of the board of directors. For their part, the conservatives, who advocate more state intervention and a brake on liberalization, remain firmly ensconced in key positions. So much so, in fact, that they are continuing to guide the FIESP in a pro-interventionist direction. Slogans calling for defense of the state's strong arm in order to reduce interest rates and for slower progress with the policy of reducing import duties are still included on the organization's list of priority actions.

"It is surprising how the FIESP is always waiting for the government to do something to change direction," says Emerson Kapaz, coordinator of National Thinking of the Business Rank and File (PNBE) and Moreira Ferreira's opponent in the last election. Although defeated in that election, Kapaz sees his star beginning to rise again in the pyramid. Four of the new board members came from the PNBE's ranks. Many other participants in

the movement are scattered throughout the third and fourth echelons. The latest bone of contention between the opposing groups is the admission of Simpi, a businessmen's group comprising small and very small industries, into the FIESP. The alliance is being stitched together by Moreira Ferreira himself against the will of several other leaders (41 groups have gone to court to prevent Simpi from joining). But the president himself is coordinating a drive to collect signatures supporting approval of the new member. "They will represent a category of the craftsman type that is important to the organization," says Moreira Ferreira. What the opponents fear is the loss of a good share of their representativeness to Simpi. The reason is that small and very small firms would began negotiating collective bargaining agreements on behalf of firms with fewer than 50 employees, thus taking away 79 percent of the associated firms. "That agreement is a disaster," says Kapaz. "Politically, it means admitting that they want to destroy the FIESP." The fact is that after all the loss and damage is totted up, Simpi's admission would also make it possible to put an end to the so-called "paper associations."

According to rumors circulating inside the pyramid, Moreira Ferreira is particularly interested in weakening the members who did not support him during the campaign. The agreement is also interpreted by some businessmen as being Moreira Ferreira's way of paying a debt to Joseph Couri, the leader of the small and very small firms. The votes of Simpi's members would have guaranteed Moreira Ferreira's election. Both men deny it. Be that as it may, the verbal gunfire is still intense on both sides, with no end in sight. The organization's president is keeping his balance amid all the pressure, but he does not seem to be the type who functions like cotton between glass. "Whatever happens, I wind up last." To bury his image as a do-nothing, Moreira Ferreira has devoted himself to creating political events over the past few days. On Wednesday the 6th he was visited by Minister of Labor Walter Barelli and supported the idea of eliminating illegal overtime—that worked on Saturday and Sunday and that exceeding two hours on weekdays. The FIESP will recommend to the firms that they no longer use that kind of overtime.

In his search for actions having a political effect, Moreira Ferreira has also taken a stand on the burning issue of constitutional revision. He has threatened to go to court to ensure that revision actually does begin before this year is over. The organization's legal department has been instructed to come up with ways to seek an injunction from the Federal Supreme Court (STF). Meanwhile, the Institute for Industrial Development Studies (IEDI) has assumed responsibility for coming up with structural ideas indicating a direction for the economy. That institute has quickly become the most influential—and most discreet—organization on the Brazilian industrial scene. Established during a businessmen's convention in 1989, the IEDI includes some of the best minds in the field. Such cardinals of industry as Jose Ermirio de Moraes Filho (Votorantim), Paulo Villares (Villares), and Eugenio Staub (Gradiente) are among its founders. Paulo Cunha, president of the Ultra group, which is a mammoth of the chemical industry, is the IEDI's chief ideological mentor, and he advocates a policy recalling the best days of industrialization. "We want the growth and development of industry," says Cunha. The institute provides the businessmen's ideological diet at monthly meetings and through studies that it distributes.

Its activity is causing a touch of jealousy among members of the pyramid. "It is an unknown quantity; we do not yet have an industrial policy proposed by the IEDI," says Mario Amato. It is hoped that competition will speed the process of change in the FIESP pyramid on Paulista Avenue. The pyramid has not lost its impressiveness, but some cracks are beginning to show in the walls.

* Risk Contract Signed To Drill Oil Off Cuba

94SM0095D Rio de Janeiro O GLOBO (second section) in Portuguese 15 Oct 93 p 3

[Article: "Free Cuba"]

[Text] Last week in Havana, President Fidel Castro backed the signing of the first risk contract for petroleum exploration in Cuban waters.

The French firm Total, Canada's CMW, and Brazil's Andrade Gutierrez have joined together to look for petroleum in Varadero Bay.

Fidel is trying in this way to rescue the country's shattered economy and save face without worrying about sinking the regime.

That leaves Brazil with the dubious honor of being the only country in the world to maintain its monopoly on petroleum exploration.

* Total Oil Reserves Estimated at 20 Billion Barrels

94SM0095C Sao Paulo GAZETA MERCANTIL in Portuguese 21 Oct 93 p 14

[Article by Fatima Belchior: "Brazilian Reserves May Total 20 Billion Barrels, Petrobras Estimates"]

[Text] Rio de Janeiro—Brazilian petroleum reserves, which now total 8.1 billion barrels if one includes discoveries in deep water off the Brazilian coast, may reach 20 billion barrels, depending on the pace of investment in the delimitation of fields, production, and exploration. That volume—an estimate based on drillings already completed—makes it possible to think that there may be enough reserves to last 30 or 40 years at the present rate of consumption (about 1.3 million barrels per day).

That calculation was made yesterday by Jose Fantini, superintendent of planning at Petrobras, at the Sixth

Brazilian Energy Congress during a panel discussion on the risks facing energy supplies in Brazil. The reserves of 8.1 billion barrels include discoveries at depths of over 400 meters, but Petrobras' official calculation indicates reserves of 3.8 billion barrels, a figure that does not include petroleum existing in deep water.

It is true, as Fantini said, that the existence of 20 billion barrels has not yet been proven. "There is no need for us to hurry. When the time comes that we need to, we will prove it," he commented, thus directly refuting critics of the petroleum monopoly, who consider it necessary to increase domestic production and reduce imports. At present, with consumption at 1.3 million barrels per day, Brazil produces about 700,000 barrels per day and imports the rest.

Yesterday's remarks about the risks facing energy supplies were all more or less along the same lines: if there is investment, it will be possible to continue supplying the domestic market with petroleum, electricity, and alcohol. And in the opinion of Joaquim de Carvalho, who represented the Sao Paulo Energy Company (CESP) at the meeting, there is no danger in the near future of a shortage of products.

Carvalho's calculations show that in the year 2015, for example, petroleum consumption will total 143.3 million metric tons of oil equivalent, compared to 56 million today. The electricity market will total 159 million equivalent metric tons per year, compared to 63.1 million today. Alcohol will jump from 12.9 million to 32 million, wood from 27 million to 68.4 million, and natural gas from 4 million to 10.4 million.

Alcohol

Roberto de Moura Campos, who represented Copersucar on yesterday's panel, feels that an increased supply of alcohol in the year 2000 will depend on sugarcane production, which for its part requires "a consistent price policy."

Fantini's figures on the growth of domestic petroleum production point in the same direction. Petrobras is working with three scenarios for the year 2001, when it expects the consumption of petroleum products to total 1.7 million barrels per day. If there are no new investments in exploration and production, our country, which at one point was producing 710,000 barrels per day, will see that volume reduced to 200,000 barrels per day. If the discoveries already made are developed, production will reach 800,000 barrels per day. With new discoveries, it will be possible to achieve production of 1.3 million barrels per day.

Under any of those scenarios, there would be imports. After all, as Fantini explained, it is in the government's interest to continue to import a certain volume of petroleum so that trade balances with other countries, especially our neighboring countries, will be in equilibrium.

* Scientific Accords With PRC To Be Broadened

94SM0095B Sao Paulo GAZETA MERCANTIL in Portuguese 22 Oct 93 p 5

[Article by Maria Helena Tachinardi: "Brazil and China Will Broaden Scientific Accords"]

[Text] Brasilia—The Brazilian and Chinese Governments are expected to sign agreements supplementing the scientific and technological accord in such priority areas as traditional Chinese medicine and plant pharmacology, biotechnology applied to agriculture, new materials, aquaculture, sericulture, and cooperation in higher education.

Besides the signing of the supplementary agreements, Chinese President Jian Zemin's visit to Brasilia from 21 to 23 November will also include a review by Brazil and China of bilateral relations since this year's visit to Brazil by Vice Premier Zhu Rongji and the Brazilian mission's visit to Beijing, which has just ended.

The final record of the seventh meeting of the Sino-Brazilian Joint Economic-Trade Commission, which was held last week, has just been released by the Brazilian Ministry of Foreign Affairs. It mentions a favorable solution to the problem with Brazilian tobacco exports to China. According to the head of the delegation, Ambassador Rubens Barbosa, tobacco was encountering obstacles on the Chinese market because of plant health problems.

Brazil is expected to increase its exports of steel products, petrochemicals, and bank automation equipment. The Chinese will increase their supply of chemicals, pharmaceuticals, and light industrial products.

The two countries are continuing to look into alternatives for acquiring Chinese coal in such a way as to make the combined transportation costs for both products [as published] competitive, says the document released by the Ministry of Foreign Affairs.

The record of the bilateral meeting also says that "the two delegations agreed to put forth their best efforts to settle the matter pending between the China Civil Construction Corporation and the Mendes Construction Company."

Barbosa explained that what this involves is a debt owed by Mendes, Jr., to that Chinese firm for construction work done in Iraq. The Minas Gerais construction firm is trying to collect from Iraq through the United Nations, which has set up a special commission to collect money owed to foreign firms that have provided services on the Iraqi market.

"The subgroup on economic cooperation and services has agreed that the Brazilian and Chinese Governments should encourage the promotion of joint ventures and consortiums between firms in their countries to handle consulting services, management, and civil engineering

projects in the infrastructure sectors of transportation, telecommunications, hotels, and housing," the document says.

Colombia

Italian Consul Found Dead From Heart Attack

PA1911064793 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 18 Nov 93

[From the "National" newscast]

[Text] (Guiseppe Guargalia Nordacci)—Italian consul in Bucaramanga who had been kidnapped four months ago, apparently, by the 12th Front of the FARC [Revolutionary Armed Forces of Colombia]—was found dead today.

According to first reports, the 65-year-old diplomat and industrialist died 10 days ago, but his corpse was only found this morning.

One of the diplomat's daughters said he was not murdered, but died of a heart attack after many attempts at having medicines delivered to him.

At this time, the Italian Embassy in Bogota is refusing to release any information, and it is not yet known why the diplomat was still being held after so long.

Gaviria on Free Trade With Venezuela, Mexico, Chile, NAFTA

PA1911040893 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 0230 GMT 19 Nov 93

[From the "CMI Television" newscast]

[Text] President Cesar Gaviria announced today that beginning 1 January there will be free trade with Venezuela, Mexico, and Chile. Regarding NAFTA [North American Free Trade Agreement], the president hailed the agreement's approval. He spoke with our director, Yamid Amat:

[Begin recording] [Gaviria] I believe it is the beginning of what will be a great free trade zone in this continent in a few years. President Clinton achieved this entire process. He has spoken of the entry of new countries, including Colombia. I think this is a possibility that will be opened and that will become a reality within the next few years.

[Amat] In view that our industry has always been protected, won't it feel affected?

[Gaviria] No. We have been involved in the process of trade negotiations. I can tell you without any doubt that the industry that feels most sure of itself on this continent—more than that of Mexico or Chile—is that of Colombia's. It is the boldest, most ambitious, and most willing industry to move on the path of free trade.

[Amat] But it does not look with favor at free trade.

[Gaviria] Yes it does. This morning we held a meeting that was attended by all the members of the Foreign Trade Joint Commission. All of the industries and all of the exporting sectors were represented there, and the truth is that there is no great objection—if at all—to the agreement we reached with Chile, to the point where we are with the G-3 [Group of Three] agreements or to the way that negotiations are being held with Central America and the Caribbean. There is relative satisfaction. This entire process has moved forward with the private sector's support and advice, taking into account its opinion.

[Amat] Mr. President, how does a free trade agreement benefit or affect a worker or a person who has a small industry?

[Gaviria] Obviously, he will have to work in a more competitive world, where he is going to have much more competition, but he is going to work for markets that are immensely bigger.

[Amat] What effect has the competition from imported products had on local products?

[Gaviria] This has produced a restructuring of the Colombian economy. The Colombian economy has grown well. It is going to grow between 4.5 percent and 5 percent this year. This is a good rate. Next year it might grow 5 percent. There has been a restructuring, but everyone, even the sectors that have grown less, recognizes that these changes are for the good, that they have made the Colombian economy more efficient, that they have shown that we can compete, that we have an efficient industrial sector, and that we have an industrial sector that is able to compete. Our trade with Venezuela has come out well. Our trade with Ecuador has come out well. It has been an enriching process and in general, even with the concerns and fears, there is a feeling that these changes are for the country's good, that these changes are modernizing this country, and that these changes are bringing possibilities of growth that we did not have before. In the past, we did not have those possibilities; instead, we had big fears. We had a closed and restricted economy. Today we have an economy much more sure of itself, preparing to compete in all of these processes.

[Amat] The EEC takes off in January. NAFTA also takes off as an economic bloc in January, leaving us somewhat....

[Gaviria, interrupting] And on 1 January, the free trade agreement with Chile takes off. On 1 January, the G-3 also takes off. Everything takes off. Let this happen. [end recording]

Government Decries Guerrilla's Threats Against Lawmakers

PA1811160093 Paris AFP in Spanish 0133 GMT 18 Nov 93

[Text] Santa Fe de Bogota, 17 Nov (AFP)—The government rejected on 17 November the threats made by guerrillas against Congress, saying it was "unacceptable that these criminals should seek to block the country's democratic course through intimidation and violence."

In a letter sent this evening to the president of Congress, the Simon Bolivar National Guerrilla Coordinating Board [CNGSB] ordered lawmakers, under the threat of death, not to pass a bill through which the government is seeking to turn its state of internal disturbance measures into permanent legislation to prevent the disruption of order and to combat all forms of violence.

Talking to reporters, Government Minister Fabio Villegas urged the different segments of society to show solidarity with the Congress, and he asked them to reject the guerrillas' threats.

Villegas affirmed: "The CNGSB is again telling the country its sole language is one of intolerance, armed means, and terror. The guerrillas are again reaffirming their objective of trying to silence our institutions.... By adopting positions like this, the guerrillas are reiterating that they reject the freedom and political rights of Colombians."

Agreement Reached With Panama on Antidrug Fight, Trade

PA1811213993 Panama City Circuito RPC Television in Spanish 2300 GMT 16 Nov 93

[From the "RPC Television News" newscast]

[Text] Panama and Colombia have agreed to fight drug trafficking together and establish a bilateral market for their imports and exports. Victor de la Hoz filed this report from Santa Fe de Bogota:

The Panamanian Government and private sectors have visited the beautiful city of Santa Fe de Bogota, Colombia, to try to reactivate the bilateral commercial agreements and to arrange cooperation in eradicating drug trafficking.

Government and Justice Minister Juan Chevalier headed the official delegation, which included representatives from business groups such as the Panamanian Chamber of Commerce, APEDE [Panamanian Association of Business Executives], SIP [Association of Panamanian Industrialists], and the Association of Colon Free Zone Users.

The visit to the sister nation was from 9 to 13 November. Here the delegation was able to promote the good image that Panama has as a banking and service center. One of the meetings with Colombian businessmen took place at the Expo Caribe 1993 trade fair, where Foreign Trade Minister Juan Manuel Santos, on behalf of Colombian President Cesar Gaviria, expressed his willingness to reopen the commercial office in our country.

[Begin Santos recording] We already have a large commercial exchange, but as every country in the world, we are interested in having an even larger commercial exchange. [end recording]

[Begin Ricardo Duran, president of the Panamanian Chamber of Commerce, recording] We too are pleased, because Panama also wants a market opening and trade exchange between the two countries. [end recording]

Another very important aspect of this trip was the meeting with Colombian President Cesar Gaviria at Narino Palace, where Panamanian businessmen explained the importance of reestablishing the commercial bilateral agreements between the two nations. Drug trafficking was one of the topics the government representatives addressed. The delegation met also with executives from the Banco Ganadero, members of the Colombian Industrialists Association, and Colombian businessmen to exchange views on the economic activities of the two countries.

* Business Advice Sought in G-3 Negotiations

94SM0084A Santa Fe de Bogota EL TIEMPO in Spanish 16 Oct 93 pp 1,2 C

[Text] The government and the private sector will work together in the final phase of the negotiations to set up a free trade zone with Mexico and Venezuela within the Group of Three (G-3).

Yesterday the Negotiations Support Committee was established for that purpose. Representatives of eight trade and business associations will have seats on the committee.

The decision was made during a meeting held yesterday by Foreign Trade Minister Juan Manuel Santos with about 50 businessmen and association leaders to explain to them the progress made by the presidents of the Group of Three at the summit in Trinidad and Tobago.

The committee will be made up of the following representatives: Hernan Puyo of the National Association of Industrialists (ANDI), Javier Diaz of the National Association of Exporters (Analdex), German Umana of the Colombian Federation of Metal Industries (Fedemetal), and Ana Rita Cardenas of the Colombian Association of the Plastics Industry (Acoplasticos).

In addition, the Association of Colombian Farmers (SAC) will participate, represented by Gabriel Martinez, as will the National Federation of Businessmen (Fenalco), represented by Eduardo Visbal, and the Colombian Mexican Chamber, represented by Enrique Pinzon.

The steel industry has designated Gustavo Tobon to be its representative.

The committee will meet regularly with the Colombian negotiators, the idea being to present a united front on the issues of tariffs, investment, and patents and trademarks.

In addition, it is likely that the private sector and government officials will meet daily, because the negotiations will be very intense between now and 27 October.

The presidents of the three countries agreed that the free trade treaty would be signed by the middle of this November.

This pact will mark the beginning of a 10-year period of gradual tariff reductions across the board, with the exception of the automotive industry, which will be exempted from the treaty for the first three years.

Each year, the tariffs now paid by exporters will be reduced by the equivalent of 10 percent.

In general, the meeting between business and government officials was very cordial, although Fedemetal raised some questions about state purchases and the floor of 5 percent to which the Andean countries are held.

The meeting, held at the Ministry of Foreign Trade, began at 1500 and ended two hours later.

Reactions

Reactions to the G-3 negotiations began coming in yesterday as well.

Liberal presidential precandidate Ernesto Samper Pizano, for example, expressed support for the agreement reached by the presidents of Colombia, Mexico, and Venezuela.

He also pointed out that the gradual nature of the tariff removal is essential so that Colombian producers can adjust their production processes to the competition and thus take advantage of the expanded market.

The president of the Association of Colombian Farmers (SAC), Cesar de Hart (who did not attend the meeting with the government), said that his sector should be given special treatment.

He stated he does not fully understand why the only sector to receive different treatment is automobile manufacturing.

"We have nothing against the automotive industry. What we do not understand is what justification there is for giving it special treatment and not the agriculture-livestock sector as well," he declared.

[Box, p 1C]

Farmers Concerned

There is widespread concern in the country's farm sector about the free trade agreement negotiated by the member countries of the Group of Three (G-3), now that it has been announced that Mexico has decided to give direct subsidies to farm production. This year some $4 billion (3.2 trillion pesos) has been allocated for that purpose. According to Cesar de Hart, president of the Association of Colombian Farmers, Mexican farmers will receive a subsidy for every hectare under cultivation. The subsidy will range from $110 to $300, depending on the crop. The Mexican Government has promised the farmers "that it will maintain those subsidies the whole time, in real terms and in dollars," explained De Hart. Therefore, Colombian farm products will face unfair competition for the entire 10 years until tariffs are completely eliminated.

Finally, De Hart contended that he is ashamed that after two years of crisis in the agriculture-livestock sector, it has not been possible to obtain government subsidies, while members of parliament managed to get a handout of 100 billion pesos overnight.

* SAC Faults Government Handling of G-3 Talks

94SM0084B Santa Fe de Bogota EL ESPECTADOR in Spanish 16 Oct 93 p B1

[Text] Yesterday the Association of Colombian Farmers (SAC) harshly criticized last Wednesday's free trade agreement reached by the presidents of Colombia, Venezuela, and Mexico (Group of Three).

The president of the association, Cesar de Hart Vengoechea, stated that although he respects the Colombian Government's prerogative in this area, "my first impression is that this was a blow to the credibility of the consensus-building process between the public and private sectors."

He recalled that the two sides have been meeting for some time to define the mechanism for integration in the Group of Three (G-3), and that major resources and energy had been invested in the effort. He added that the government itself has insisted that this type of negotiation should have a technical basis, and that was what was being established. "But it is as if that were all a waste of time."

He also indicated that they have only been able to find out about the negotiations through the mass media.

As for the content of the agreement, he warned that agriculture should not be included in a general framework of regulations. "Although we have nothing against the automotive industry, we do not understand why it was given special treatment and the same was not done for the farm sector, which has been hit so hard."

In addition, there is no clear idea of how the point-of-origin standards and the safeguard clauses will work.

The main risk is that trade will become triangulated, and that tariffs will be evaded though Mexico's trade with the United States and Canada.

Mexico itself may pose a threat. In addition to the numerous subsidies it provides for its producers, which add up to $4 billion (3.2 trillion pesos) a year, that country has just approved another land subsidy that will amount to between $110 and $300 per hectare. Under these conditions, we cannot attain the competitiveness the government is demanding, noted De Hart.

One more criticism: "I do not understand why every time Colombia enters into trade agreements with weaker countries, it recognizes the principle of asymmetry, but when it negotiates with Mexico it is not capable of invoking the same conditions. Explain that to me."

He recalled that there is asymmetry not only with Mexico, but also within Colombia, where not all sectors are alike: Agriculture-livestock has been hit hard, and it cannot be treated the same as other sectors.

One final plaintive note: "Why is it so easy for the government to offer what it calls 'aid' for 100 billion pesos, but when the farm sector is in the depths of a crisis, it scrimps on resources?" asked De Hart.

* Hommes, Central Bank Board Member Differ on Economic Outlook

94SM0090A Santa Fe de Bogota SEMANA in Spanish 2 Nov 93 pp 62-65

[Text] The country is used to seeing the production associations fire all kinds of salvos at economic policy, and to seeing government measures torpedoed by opposition groups or in Congress itself. What no one ever expects is for the government's economic policies to be challenged from the inside. And that was what happened last week.

In a surprising column written for the press, a member of the Bank of the Republic Board of Directors, former Minister Roberto Junguito, severely chastised Finance Minister Rudolf Hommes, accusing him of concealing information about a number of serious imbalances that could wreck the government's anti-inflation policy.

According to Junguito's column, Hommes has not told the country that "the growth in the media of payment over the last few weeks has been systematically above the monetary corridors that had been agreed upon," or that "the growth in public spending so far this presidential term is one of the highest ever seen in the history of Colombia," or that "the fiscal program established for 1994 is clearly inconsistent with the inflation target set for next year."

Junguito's statements unleashed a storm of controversy. Although the Bank of the Republic is an autonomous entity, and is, therefore, independent of the government, the Constitution requires that its functions be "carried out in coordination with general economic policy." Thus, the finance minister is not only a member of the bank's board of directors, but is its chairman.

It seemed illogical, therefore, for a member of the board of directors to publicly criticize official policy. But he did. And the government's critics, of course, immediately seized the opportunity to stress the lack of coordination in the fight against inflation and the excessive increase in spending that they say the government has allowed this year.

Reason for Problem

The controversy did not take off because the finance minister was out of the country almost all week, and Junguito decided not to make any further statements on the matter. SEMANA has gained access, however, to several documents that explain the reason for the former minister's column and show that the debate will be an ongoing one.

At least a month ago, the board of directors began discussing the need for the government to revise its economic program, given the irregular performance that some members saw in four indicators: the growth in the media of payment, the value of imports, banks' portfolios, and the consumer price index.

The amount of money in circulation, according to the bank's statistics, was rising beyond agreed-upon levels, and according to some board members (especially Junguito), that could exert inflationary pressures by the end of this year and early next year, so that no one could guarantee that food prices would remain as favorable as they have been thus far in 1993.

As for imports, there was no assurance that they would grow at the rate projected by the government. A preliminary review of the tapes provided by the Office of National Taxes and Customs Office (DIAN), conducted by the Office of the Assistant Manager for Economic Studies at the Bank of the Republic, revealed record-keeping and duplication problems that may be causing an overestimate of imports.

In addition to these two problems, there was an increase in the banks' portfolios by more than 50 percent. Although it is difficult to interpret this increase, it could be reinforcing private demand and thus exerting inflationary pressures. And that may be one of the reasons why the consumer price index, the fourth of the indicators in question, was once again beginning to rise to last year's levels, after having declined during the first six months of the year.

Based on these concerns, it was decided that a joint analysis should be conducted by the Bank of the Republic, the National Planning Department, and the

Finance Ministry with a view to pinpointing the performance of the variables and making the appropriate economic policy decisions.

False Solution

That was what the experts of the three institutions were working on when the finance minister decided to make one of his typical comments at a National Association of Industrialists (ANDI) sectoral assembly in Cali on 21 October. In response to a question about future monetary policy, he said: "The recommendation is to give a valium to the members of the Monetary Board so that they will not do anything and not make any changes."

At a time when changes were indeed being contemplated, depending on the results of the evaluation, that comment did not please former Minister Junguito. That was why he decided, without consulting his colleagues on the board, to make public his disagreement with the minister and complete the circle by saying, "The best medicine is not a valium for the board members but a lower dose of actimin for the finance minister."

According to various analysts consulted by SEMANA, the problem is that, as has happened in other cases in which the minister has pulled someone's leg, "Junguito got carried away." Because what he did, in the end, was to air in public a problem that had not yet been resolved within the board of directors, a problem in which not only Hommes and himself, but also the other five members of the board are involved.

Hommes reminded Junguito of that fact in a letter sent the same day that the column appeared in print. "I was surprised," wrote Hommes, "that you sent a letter to the press on economic policy without having discussed your points of view first with the members of the board, and without waiting for a technical diagnosis of the economic situation or the possible measures to take."

In his letter, Hommes chided Junguito for abandoning the "fair play" that had characterized relations among the board members. He also scolded him by saying, "If a member of the bank's board of directors publicly declares that inflation will exceed the target, he can be certain that this assertion will have an impact on inflation that is the opposite of what you, by constitutional mandate, should be seeking."

Debate Continues

Aside from the mutual recriminations, however, the fact remains that there are serious disagreements on the board regarding the management of economic policy, and that we will not know until this Friday, when all of the members will meet once again to discuss the situation, whether the general lines of this policy will be altered or whether some corrective measures will be taken.

In principle, it appears that no change is necessary. SEMANA has seen the draft of a document in which the projections of fiscal accounts and the balance of payments, made jointly by the experts of the Bank of the Republic, the National Planning Department, and the Finance Ministry, coincide completely with the government's projections. That is, the budget deficit will not exceed 1 percent in 1993 and 1.5 percent in 1994, and both can be financed easily.

However, the same draft, written by Bank of the Republic employees, does have a chapter that presents two considerations which might change the situation. One is that imports may not grow as much as the government thinks, and the other is that the economy's growth rate for 1994 may be lower than expected. These two points may be enough to spark a fierce debate among members of the board of directors.

As far as imports are concerned, experts at the bank, as mentioned earlier, argue that the tapes supplied by the DIAN with information on the first half of the year reveal problems with record-keeping and duplication. Although they do not cite any specific figures, they contend that revenues from imports—and the taxes derived from them—will be considerably lower than those projected, "which significantly changes the results of the planning period."

The government, for its part, defends its projections, and claims that if the taxes collected on foreign trade as of last week are taken into account, and if the value of imports is calculated, based on the average exchange rate and the effective rate of collection, the results are even higher than the projections contained in the macroeconomic program.

With regard to growth projections for next year, the government continues to stand by its forecast of five percent. The Bank of the Republic draft seen by SEMANA states, in contrast, that "real GDP [gross domestic product] growth in 1994 will very likely be about four percent," and says that this assertion is backed up in another document, "which will be submitted to the members of the board in the next few days."

For all these reasons, Friday's meeting promises to be quite lively. Far from being a problem, however, this is an indication that the functions attributed to the board, and its composition, have turned out to be very good for the country. As one expert told SEMANA, "the more opposing views there are in the discussion of economic policy measures, the greater the chances of doing the right thing."

The question that remains in everyone's mind after the episodes of last week is whether it is a good idea to air those opinions in public, or if it is better for the members of the entity, without violating their autonomy and independence, to resolve the conflicts among themselves. Perhaps the ideal way to achieve this would be, according to the same expert, "a little valium for Junguito and less actimin for the minister."

* Agricultural Credit Bank To Be Refinanced

94SM0089A Santa Fe de Bogota EL TIEMPO in Spanish 20 Oct 93 pp 7, 9C

[Article by Edmer Tovar Martinez]

[Text] Today the government will make official the refinancing of the Agricultural Credit Bank for 190 billion pesos. This measure will give the institution financial stability for the next 10 years.

As a result, the bank's customers will be able to make use of the resources generated by the banking transactions of the 850 branch offices, since the bank will not have to use those funds to shore up its financial situation, now that the nation will underwrite most of the losses suffered in recent years.

In addition, beginning in 1994, the institution will have 40 billion pesos more available to it to lend to its customers, as the government has agreed to pay all the pension benefits to the bank's pensioners, totaling 40 billion pesos per year. This commitment will last for 10 years.

The pact between the government and the Agricultural Credit Bank, which will be signed at noon today at the Casa de Narino, also provides that of the 190 billion pesos in refinancing, 90 billion will be in the form of stock in the Foreign Trade Bank (Cancoldex). The Agricultural Credit Bank will immediately sell these shares through a trust set up with the Financial Institution Guarantee Fund (Fogafin).

What this means is that the bank may convert these resources into cash by February of next year at the latest.

The agreement also includes an allocation of 30 billion pesos in the 1994 national budget for the Agricultural Credit Bank to underwrite accumulated losses. This allocation is in addition to the 40 billion pesos that will be transferred to pay pension benefits.

Poor Offices Saved

The manager of the bank, Santiago Tobon, announced that an additional 10 billion pesos will be spent to save the money-losing branch offices located in remote areas where no other banking institution operates. The sum will be distributed in equal parts in 1994 and 1995.

In other words, although these offices are not economically viable, they will not be closed because they render a valuable social service in their respective regions. Consequently, the government will subsidize them over the next two years.

According to Tobon, the decision to refinance the Agricultural Credit Bank was made by President Cesar Gaviria after seeing the institution regain its financial health in recent months.

The executive branch had announced several years ago that these resources would be transferred, but on condition that the bank begin showing signs of recovery and financial viability.

Although the bank is not yet making a profit, the government believes that the results it has achieved in reducing administrative costs, increasing its spread, and boosting the amount of money deposited in checking accounts justify transferring government funds to the bank.

According to the financial reports of the Agricultural Credit Bank for last August, a total of 237 billion pesos was deposited in checking accounts, compared to only 176 billion pesos in January of this year.

Similarly, administrative costs fell from 21 billion pesos in 1990 to 13.5 billion pesos projected for this year.

Furthermore, the portfolio grew from 270 billion pesos in 1991 to 450 billion pesos projected for the end of 1993.

* Progress Slow on Agricultural Reform Bill

94SM0089B Santa Fe de Bogota EL TIEMPO in Spanish 25 Oct 93 p 8B

[Article by Carlos Fernando Gaitan]

[Text] The new agrarian reform law has been stuck in the Fifth Committee of the House of Representatives for three months, thus lessening the chances that thousands of peasants will have access to land.

All indications are that the bill will not make its way into law. This opinion is shared by members of Congress, peasant associations, and the Colombian Institute of Agrarian Reform (Incora).

Even though the Fifth Committee issued a favorable report on the bill after approving it on the first vote, committee Chairman Julio Cesar Guerra Tulena did not take the necessary steps to send the bill to the full chamber.

According to Representative Guerra, it was not possible because the committee members have not verified the final text of the bill, which was drafted by Incora and was approved three months ago.

It still has a long way to go, however. The bill must go through a plenary session of the House of Representatives, the Fifth Committee, and a plenary session of the Senate. Because this is a long, drawn-out process, and there is not much time left, it is unlikely that the bill will be passed in the present legislative session, which ends on 20 June of next year.

Luis Fernando Munera, manager of Incora, believes that there has been a lack of political will. "The bill steps on a lot of toes, and certain precautions have been taken to make sure it is not pushed too hard," he stated.

Although he is somewhat optimistic, the official recognizes that it will be difficult to get this reform bill passed before June. He says he is willing to fight hard to get it through, however.

Munera believes that the initiative got bogged down because the agriculture law was being debated in Congress at the same time, and all the attention of the trade associations, Congress, and the government was focused on it.

No Surprise

Representative Gustavo Petro, who submitted an alternative bill for agrarian reform, believes that this issue is taboo in Congress, "where there is a sort of agrarian party made up of those who, regardless of whether they are Liberals or Conservatives, are owners of vast tracts of land and are willing to defend their own interests above all else."

The National Association of Rural Land Users (ANUC) was not surprised to see agrarian reform "founder" in Congress.

"This comes as no surprise to us trade association leaders who have been involved in this battle for many years. But the average peasant, who had very high hopes, will be devastated," said ANUC Vice President Jose Ferney Amaya.

Reform

The new agrarian reform model designed by the government calls for 163,000 low-income peasant families, who make up 40 percent of the landless population, to be given access to land beginning in 1995.

The program is designed to distribute 238,000 hectares over 10 years through two mechanisms: the real estate market (with subsidized credit) and direct action by Incora.

The real estate market will function like a stock market where buyers and sellers will operate. Peasants will have the option of negotiating directly for the land or receiving a subsidy to obtain it at up to 70 percent of its value.

At first, 80,000 hectares will be sold under this system. The figure will gradually decline as the real estate market becomes consolidated, until the figure of 40,000 hectares is reached in 1997. Of that amount, 20,000 hectares will be reserved for Indians.

The annual budget for agrarian reform will be about 80 billion pesos.

The sponsor of the agrarian reform bill, Representative Diego Patino, stated that this new law introduces a number of mechanisms, such as subsystems for basic social services and research, that make it more comprehensive.

Agrarian Reform Targets: Thousands of Hectares and Families Benefiting

Year	Subsidized Credit	Direct Intervention	Families Benefiting
1994	50	80	10.8
1995	82.4	60	11.6
1996	82.4	50	12.9
1997	128.4	40	14
1998	142.9	40	15.2

Source: Incora

Ecuador

Police Said To 'Harshly' Repress Demonstrators in Cuenca

PA1911031793 Mexico City NOTIMEX in Spanish 2337 GMT 18 Nov 93

[Text] Cuenca, Ecuador, 18 Nov (Notimex)—The police harshly repressed opposition groups that staged a demonstration today against the Ecuadoran Government in downtown Cuenca, the third largest city in the country, according to demonstration organizers.

Protest marches were also staged in various parts of Azuay Province, southern Ecuador, as part of the "preventive" 24-hour strike that ends at midnight tonight.

Newspaper reports have stated that the march through the streets of downtown Cuenca, 310 km south of Quito, was characterized by "serious and violent incidents" generated by the rough manner in which the police confronted the protesters.

Representative sectors in southern Ecuador convened the strike to demand that the government pay attention to the region, whose infrastructure was largely destroyed in May when river dams flooded.

Azuay Prefect Alejandro Corral, one of the strike leaders, said a favorable response is expected from the central government; otherwise, there will be an indefinite strike starting on 10 December.

Today's strike, which Azuay residents supported, affected neighboring provinces, because highways were closed and the normal pattern of daily activities in the southern region was interrupted.

It has been unofficially announced that the strikers are considering the possibility of "tampering" with a tower at the Paute central hydroelectric plant, which supplies power to 70 percent of the country, so that the government will meet their demands.

The strike in Azuay Province (capital of Cuenca) joins the strike that has been staged over the past seven weeks by teachers and the strike initiated today by the oil workers.

Since taking office in August 1992, President Sixto Duran Ballen's administration has encountered an endless number of strikes motivated by economic demands and the rejection of his economic and privatization policies.

* Energy Minister on Petroecuador Modernization

94SM0092A Quito EL COMERCIO in Spanish 8 Oct 93 p A-11

[Text] Petroleum experts discuss reforms in the hydrocarbon sector.

Each block to be put up for competitive bid in the seventh oil round will require between $20 and $30 million in investment, according to Francisco Acosta.

The purpose of reforming the hydrocarbon sector is not to privatize the oil infrastructure, but rather to modernize it, Energy and Mining Minister Francisco Acosta explained.

That official said that one of the goals is to convert Petroecuador and its affiliated companies into more efficient entities, so that they may compete in an open market with private companies.

"No one has ever said that the Petroecuador system is inefficient, technologically backward, or in deficit; several studies show that Ecuador Oil is well run," he said.

Acosta said it would put Petroecuador at a disadvantage, at a time when the petroleum industry is opening up in all aspects to the free market. "Despite the fact that state entity is well run, it might perhaps have difficulty when the time comes to compete with private companies, which have more competitive administrative and operational structures."

He said that it is thus necessary for Petroecuador and its affiliates to modernize to be able to become more efficient entities.

The bill to reform the Hydrocarbons and Petroecuador Law provides for the system's affiliate companies to be converted into limited liability corporations, "but we must clarify that that does not mean that the property of the facilities is being sold," he said.

"Those who purchase shares may transfer only those securities to other hands, which does not mean that the country's oil infrastructure is being sold or put into the hands of foreign companies, Acosta said to EL COMERCIO. Petroecuador affiliates will have a Government board of directors and the Government will always hold a majority of shares.

For example, he said, Petroproduccion will be converted into a corporation, with 100 percent of the issued shares belonging to the State. In a clear allusion to Petroindustrial, however, he recalled that discussions are still being held on the possibility of permitting share ownership of the country's refining and industrialization facilities.

With respect to the pricing deregulation process considered in the reform bill, the official said that should the legal modifications be approved, in the future the market would determine the prices of oil derivatives.

"That process will not occur immediately. A period of time will be required until the State can find a mechanism to permit the resolution of several problems, such as gas subsidies.

The State cannot suddenly discontinue subsidies, which protect lower-income groups, without having a serious impact on the financial situation of those who have less," he noted.

Acosta reaffirmed his position of maintaining gas subsidies only for those groups with scarce economic means, and noted that currently ways are being studied to attempt to subsidize the poorer sectors directly.

The energy and mining minister emphasized that the reforms are closely linked to the seventh oil round and that the competitive bidding definitely will be held on 24 January 1994.

On that issue, there are three alternatives: hold the competitive bid under current legislation; through approval of the entire modification bill; or through a group of five specific reforms.

The official disclosed that the nine blocks to be offered in Amazonia cover 200 hectares of surface area, while the three blocks to be offered in Litoral will cover 400 hectares. He estimated that each block will require between $20 and $30 million of investment.

Acosta indicated that a total of some $200 million in exploratory investment is needed, which the country does not have. Fifty companies are interested and 18 of them have already requested specific information.

The official said that for reasons of strategy and convenience, in the event the reforms are carried out, the marginal wells (fields for which output could be improved) will also be included in the seventh round.

Personnel reductions at Petroecuador and its affiliates are also being considered within the context of the reforms; for that goal to be reached, employees of those entities would be offered voluntary retirement, Acosta stated.

The minister said that personnel needs to be rationalized because 46 technicians from the National Hydrocarbon Directorate have left that entity to work in the private oil sector.

Up to the present, he said, no agreement has been made with the private companies to seek a mechanism to prevent the transfer of technicians from the Petroecuador system to private companies.

Those who remain in the Ecuadorian State oil sector will also have all the guarantees due them; further, when the

affiliates are turned into limited corporations, the workers will be able to share in the profits generated by those entities, Acosta added.

[Box, p A-11] Some Questions

Current oil policy provides for Ecuador to maintain its status as an oil exporter beyond the year 2010, and after that have export volumes equivalent to 50 percent of current production, which is 351,000 barrels per day of crude.

This statement was made by Energy and Mining Minister Francisco Acosta, in the context of the Ecuador Petroleum Seminar, organized by the General Union Association of Petroecuador Workers and its affiliates.

"The seventh oil round will permit an increase in production, since with the competitive bidding we expect to discover around one billion additional barrels of crude reserves," he said. The current volume of reserves is on the order of 3 billion barrels of oil.

There is a need to attract new investment, and to that end a legal body of reforms has been established to permit capturing new capital that the country does not currently possess. It has been five years since the country has signed a contract to increase oil production, he said.

If in recent years oil contracts have not been able to be signed, how do we now expect to increase production? Perhaps you are considering over-exploiting the wells? asked Francisco Huerta Montalvo, former Ecuadorian ambassador to Venezuela, who was present at the seminar.

Acosta replied that sometime in 1993 the companies Maxus, Orix, Occidental, Tripetrol, Arco, and Petroecuador will incorporate new volumes permitting production to increase to 404,688 barrels per day, compared to current production of 351,000 barrels per day.

Rear Admiral Jarrin Ampudia asked the minister, why three lawyers from transnational oil companies are allowed to promote the sale of Petroecuador affiliates overseas, especially when it was those persons who drafted the initial Hydrocarbons Law reform bill?

Acosta answered that Fernando Santos, Francisco Roldan, and Fabian Corral, were, in fact, the World Bank consultants who drafted the bill for modifications, but that he alone coordinated the project's delivery schedule, which has been significantly enriched with the subsequent contributions of other well-known experts in the energy sector.

Jarrin Ampudia added that in order to convert the Petroecuador affiliates into limited corporations, a "special law" would be required to prevent the transfer of a portion of the package to neighboring countries or unqualified companies.

In response to that statement, Acosta invited Jarrin Ampudia to provide specific criteria.

* Attorney General Addresses Judicial Corruption

94WD0084Z Guayaquil EL UNIVERSO in Spanish 9 Oct 93 p 12 Section 1

[Text] QUITO—The country's Attorney General is still awaiting the decisions of the Supreme Court on several cases of corruption by its judges and magistrates who issued acquittals in cases of known drug traffickers. Until now it has not been feasible to apply corresponding criminal sanctions to punish the accused judges, who issued the verdicts either out of fear or for money.

According to information from this Government agency, at least 150 citizens linked to drug trafficking in Ecuador have been released during the last twelve months.

According to the Attorney General's office, the judges did not apply the specified legal instrument, the Hallucinogens Law, which sets clear guidelines for sentencing traffickers. This delay is another form of corruption around the dance of dollars. To a lesser extent, there is also the possibility of the judges being threatened by drug smuggling organizations.

It has also been shown that CONSEP [National Council for the Control of Narcotics and Psychotropic Substances] is not quick to recover the evidence the Police obtain, leaving it to remain for long periods of time in the courts and police stations, from whence it disappears and with it the evidence that might lead to conviction.

Battle Without Quarter

Attorney General Fernando Casares spoke about this situation and that of justice in Ecuador in an interview with this newspaper.

He announced that he would apply severe sanctions to ministers and district attorneys involved in immoral activities, and that they would not only be relieved of their duties but would also be taken to court.

"Without morals, any effort to implement legislation is doomed to failure. We expect, at the level of the Provincial Attorneys General, that any irregularity involving district attorneys at the national level will be severely punished, and we should set the example that the highest levels of the Public Ministry are committed to achieving a moral environment, applying corrective measures regardless of how drastic they might be, because if we adopt a passive and indifferent attitude then corruption might also enter the Public Ministry," he said.

No Cause for Release

According to the Attorney General, corruption occurs when trials involve drug trafficking.

"Just a few weeks ago we experienced a delicate situation with one of the judges of the Guayas Criminal Court, who against express guidelines allowed bail for some members of drug trafficking syndicates. As soon as I found out about that situation, I asked the President of the Guayaquil Supreme Court to remove the judge, and

the court's complaints committee submitted a report and the judge was removed. Without affecting that removal, which is an administrative sanction, I had the Guayas district attorney issue a writ to try the judge as a criminal, that is, we do not merely want to be content with administrative sanctions, but also try the official for the crime he committed and thus in some way be able to reduce the level of corruption," he said.

He explained that when the Judge acted illegally in Manabi, it was not only his failure to notify the district attorney, but also the fact that confidential information was provided, such as the arrest warrant against several of those implicated in the Medranda case, which permitted several of those involved to evade justice.

"We maintain that there is no cause for releasing drug smugglers, but rather that they at least be absolved in court or that they serve the sentence meted out to them, we support the line of conduct that opposes releases while criminal trials for drug crimes are in process. If the judge issues an acquittal, as long as the appeal to the higher court is pending, the accused cannot leave, but if the Court confirms the acquittal he has the right to leave," he said.

He emphasized that the National Police are also watching the outcome of the trial, and this was demonstrated when the head of that institution visited the President of the Court of Guayaquil to show his concern at the behavior of the aforementioned judge. h3
Inexplicable Silence

"In the case of the President of the Court of Portofiejo, I still do not know the result of the petition he sent to the President of the Supreme Court, but I hope to find out the results of that petition, and I hope that the Court will analyze the trial with all due objectivity and probity, as we feel it to be a precedent worthy of the level of the Supreme Court to prevent these cases from coming up repeatedly, because if they are not corrected they might become the rule rather than the exception, and that would be very serious," he said.

He asserted that the Public Ministry is collaborating with the Justice Department and can help the judicial agencies to implement drastic corrective measures to punish the judges who deviate from the law.

"I think that a judge cannot claim a mistake or ignorance of the Law as an excuse. I believe that a judge, in order to behave correctly, must begin with a moral foundation, and if that foundation collapses he will have to resort to a defense argument that he did not know the Law. I believe that the function of a judge should be primarily moral, and he should also have the appropriate academic preparation.

We cannot have the luxury of thinking that the judges are wrong in their verdicts. The Law according to the Civil Code presumes that it is known by all and that ignorance is no excuse. So, if those charged with administering justice claim they do not know the Law, I personally believe that is not true, but rather that they knew the law and shamefully manipulated it, and from the standpoint of corruption they also acted against the Law, to the serious detriment of all citizens," he said.

The National Council for the Control of Hallucinogenic and Psychotropic Substances (CONSEP) should ask the judges to hand over all the evidence relating to drug trafficking, and to not permit "the drugs to remain in the possession of the police or the judges under any circumstances, because of the danger the seized drugs will disappear and be illegally traded." He disclosed that he had sent instructions to that effect for immediate implementation, in response to citizen concerns that everything was being lost among the paperwork and judicial confusion.

Temptation and Fear

Casares does not ignore the possibility that the drug smugglers are disbursing large sums of money to bribe judges and obtain verdicts favoring them, including full release, but he said that there has not yet been any threats made to the persons of judicial officials.

Inquiring about the total sum of money involved in a bribe, he replied, "We cannot say because that would depend on the amount of drugs being held as evidence in the trial, and the nature of the accused, so there might be a possibility of the judge succumbing to an illegal offer. Let's not forget the two judges in Tungurahua who released a famous drug trafficker, Mr. Abrahamson; they received a large sum of dollars, and thanks to the police we were able to arrest one of them, who is serving his sentence, while the other is still on the run. The judge who was tried admitted that he in fact had received a large sum of money on that date, but it was not explained how the judge acted against the Law if not because he received a very attractive offer."

Regarding the threats, he said that the former president of the Quito Supreme Court, Ivan Martinez, died at the hands of thugs hired by drug traffickers, and that although it is fortunately an unusual case, one cannot say that it will not be repeated in this country.

Given that reality, it is believed that judges and their families should have a certain level of personal security in order to address the serious threats that might influence or modify their behavior.

He indicted that we need not yet resort to so-called faceless judges, and that the country can continue acting as it has been under the system of publicizing the trials.

"In Colombia, when there was an escalation in terrorism and drug trafficking, the Congress reformed the constitution in order for the judges to have more freedom to act anonymously.

"I do not think we have come to that point yet, but we must be careful not to get there ever; however, if corrective measures are not taken to fight corruption, then we

also might fall into a situation so delicate that it would be necessary to reform the trial system to provide greater security for judges," he concluded.

* Extensive Deforestation in Esmeraldas Described

94WN0064Z Quito EL COMERCIO in Spanish 8 Oct 93 p A-2

[Text] The tree was the ancient home of mankind, the continuity of life depended on it, that was its first function and a million years later it has not changed in the slightest; the map has changed, the map of forests is not nearly the same.

It must have been a green planet and it no longer is; the five continents have giant areas of desert that are constantly growing; then not only forests are in danger, life is, too.

As an example, and at the same time a question: when will the forest where we used to play as children disappear? We did not even notice when the forest disappeared, and now we have to travel farther to hear the "cries" of the forest.

And so, as no one notices, 350,000 hectares of forest disappear in Ecuador each year, according to the ecological foundations. Esmeraldas is one of the provinces most affected. At first glance, it is not noticeable. Traveling along the Santiago and the Cayapas Rivers, everything seems perfect and Esmeraldas richly deserves its title of green province.

The foundations' position is credible. They have identified the problem, and if it were not for them, the situation of the forests would be worse. Nevertheless, officials at the Ministry of Agriculture believe that they exaggerate when they say that 350,000 hectares are deforested each year. The Institute of Agriculture-Livestock Strategies says that the figure is 200,000, but the Institute for Reforestation (Inefan) says it is barely 171,000.

What is happening in Esmeraldas is incomprehensible. There are trees wherever you look. Still, there are hundreds and thousands of pieces of timber all along the sides of the roads waiting to be loaded.

Many would not believe what is happening, what deforestation are they talking about, they would ask, if pachacos and terminalias—trees from the Amazon region planted in the tropics—are populating Esmeraldas in their thousands.

Someone who is profiting from all this said that nothing is happening here. As you can see we have planted 400 hectares of...800 hectares of..., and as if giving the lie to this truth, from the distance came the noise of a power saw, louder than the trilling of the birds at six in the evening, more powerful than the wind....

There are an estimated 10-12,000 power saws like this in the country, cutting off life in the midst of the forest to supply the needs of an ever larger and more demanding society.

Borbon is "the capital of the lumber market." That is no exaggeration. The banks of the river are covered with trees. Then the description we once gave it in these pages was, in fact, accurate: "Borbon, the Potosi [silver producing center in Bolivia, legendary for the wealth it produced] of timber."

The last chanules, cedars, and laurel trees arrive by river from the heart of the forest. Man's intervention is plundering the green patrimony. This is happening in Pedro Vicente Maldonado, in Quininde, in San Lorenzo, but in Playa de Oro it is worse, they say that only the stubble of the forest remains there. During the trip we took with the Inefan officials, the magnitude of the deforestation problem was not evident. The settlers said that we would have to travel four hours upriver to see that. But in Borbon we can get an idea of what is happening.

There are giant cranes that take the timber from the river and place it on trucks that then take it to Quito, Guayaquil, and Cuenca, or by sea to some Colombian port where it can be sold more profitably.

These days, a tree in the forest is worth 60,000 sucres, but in Quito, the same tree is worth 100,000 sucres, including the cost of transportation, and it is worth twice that in Colombia.

Borbon lives from lumber, without it "everyone would leave." There is no denying this; the exploitation of the forest provides the livelihood for hundreds of families in the area. It is a respectable activity as long as the exploitation of the forests is carried out in a responsible way according to the principles of conservation. Otherwise the losers over the long term will be those who are benefiting today.

It is not a matter of being a pure environmentalist who wants to maintain the forest patrimony intact, as National Forestry Director Luis Valverde said. The forest is obviously there to be used, but for each tree cut down, 10 or more should be planted.

The conflict between timber men and lands is taking place in the upper Cayapas and in Onzole, according to a representative of the Cayapa community in Santa Maria. A whole arsenal of implements—picks, machetes, manual chippers, power saws, tractors—is creating great environmental gaps. "The trilling of the birds has given way to that of the power saws, and there is no one to stop it."

Seeing the timber, like gigantic rafts, move slowly along the rivers in search of a buyer, it becomes clear that someone is responsible for the destruction to the forests: the four companies operating there—Plywood, Endesa, Foresa, and Codesa. The companies claim that they are

managing their operations so as not to deplete the forests and say that the worst despoilers are the settlers. The settlers say that the four companies exploit 80 percent of the forest, and they exploit only 20 percent, while the natives blame the timber companies and the settlers...no one is to be believed.

This is not an attempt to make the timber companies or the settlers seem more responsible for one of the worst chapters in Ecuadoran ecology. The problem is that the forests were never renewed, the protection and reforestation laws never observed, and successive governments watched passively while bit by bit the green vanished.

Trees are a renewable resource and reforestation programs should have been started years ago. These programs would serve today as contributors of forest reserves to maintain the timber industry, without having to issue increasingly frequent calls for environmental help.

It was thought that the forests would last forever. This was not the case, and the dreams of those who thought that one day timber could be the main support for the economy are further from realization.

Large and small companies complain about waves of settlers who, from time to time, arrive with their implements in search of land. When they do not find a place close to a community, they cut down a section of forest and plant coffee, banana, and cacao.

Inhabitants of these areas say that there are no longer any great expanses of forest, "there are only small portions on farms."

The problem of the Esmeraldas forest goes back to 1965, when the state, through the forestry program, granted concessions to the industries that built bridges, opened roads, and brought in transport to carry out their work. Access whetted the appetites and the needs of the people, and the forest was parceled out.

Valverde said that aggressive colonization took place during the government of Jaime Roldos and deforestation was total. "We realized then that there was nothing to be done to stop colonization. Colonization is overwhelming."

After so many speeches and forestry programs, the only truth is that trees are the livelihood of today, and they will be tomorrow if we protect them now.

The Country Loses

There are many ways of understanding development, but for the Cayapas of Esmeraldas Province, when natural resources are destroyed, there is no basis for the creation of sustained and lasting prosperity.

Because of that belief, they demand greater responsibility from the timber companies and the settlers in exploiting native forests. There are four companies in Esmeraldas, the oldest of which is Plywood, which has been operating in the Quininde for 28 years.

There is no doubt that the companies have been growing at the expense of the natural forest that stretches from the valley of Guayllabamba to Cande. In exchange, the four companies have reforested 4,000 hectares with pachaco, laurel, mascaray, terminalias, and jacaranda.

Exactly how many hectares have been deforested is unknown. The kindest estimates speak of 200,000 in 30 years and assume that there remain 1.504 million hectares to be deforested.

The problem is very complicated, as there are very few firms that recognize their responsibility to reforest. The others say: "How am I going to reforest. If they occupy my land, the forest is no longer mine." After so many unanswered questions, it turns out that one of the elements of the problem we are discussing is land ownership.

How much time is left for what remains of the forest? Perhaps very little, if the companies do not begin to implement a forestry plan. Only Plywood has carried out reforestation in the area. Marco Gandara, the company's administrator in Quininde, says that forest management is being practiced.

Together with deforestation, another problem is the cultivation of the African palm. Wherever one goes, the roads are private and the palm groves are so vast that one can go for hours without finding the exit.

The palm growers purchase the land from the settlers. The palm is a tree that requires nutrients, especially nitrogen. The growing of African palm is prohibited in all countries, except Ecuador, where it is grown even knowing that afterward these lands will be a desert.

The Forest, Subject of Discord

Now that the problem has been identified and it has been determined that 60 percent of deforested land can be utilized for raising livestock, Inefan officials have launched a Program To Encourage Forest Replanting (Planfor).

Planfor contemplates the reforestation of 600,000 hectares in 20 years, the creation of 50,000 new jobs as a direct result of Planfor, and about 250,000 jobs as an indirect result.

This entails getting the peasants to "fall in love" with planting trees, said Luis Valverde, national forestry director, so that money from the forest returns to the forest....

During the trip to Esmeraldas with officials of the Ministry of Agriculture, Minister Mario Gonzalez spoke of the need to preserve the province as a forestry zone.

Ecological tourism is an enormous field. Galapagos is the prime example, and Esmeraldas has just as much beauty to offer.

This statement runs counter to the differences among Chachis, and between blacks and Chachis. At this very moment there is a dispute in progress because a group of communities wants to lease more than 20,000 hectares to a timber company for exploitation.

There is opposition among members of the community. The blacks threaten that on the day the forest is leased, there will be total war. It is foretold (is this an alert?).

Eliseo Medina, president of the Zonal Organization of Upper Cayapa, is in favor of an agreement to divide the land between the Chachis and the blacks. "We want the land to be shared, we are two ethnic peoples, we should get along, but we will not allow the forest to be fragmented."

Luis Pinchiche, representative of the Chachis, charged that the timber company will pay 16,500 sucres for a tree, when the real cost is 160,000. This is how the subject of the forests in Esmeraldas is discussed these days, between interlocutors without a sensible dialogue or clear objectives.

*** Forest Preservation Plan Proposed**

94WN0064Y Quito EL COMERCIO in Spanish 17 Oct 93 p A-13

[Text] In another 20 years, the Ecuadoran timber industry will no longer have any raw material and Ecuador, a country traditionally self-sufficient in wood, will begin importing it.

This is one of the conclusions of a study on strategies for a sustained timber industry in Ecuador, conducted by the Ecuadoran Institute of Forestry, Nature Areas and Wild Life (Inefan), with support from the International Organization of Tropical Woods (OIMT).

Eduardo Mansur, a technician in forest economy and one of the authors of the study, gave a lecture on the subject to members of the Ecuadoran Association of the Wood Industry.

Mansur said that Ecuador has a greater area of natural scrub growth in previously deforested areas than of replanted forest. Planted forests in the country account for no more than 80,000 hectares, while scrub growth is more than 95,000 hectares.

The study identified the production potential of Ecuadoran forests and the need to protect them.

A diagnosis of the local industry was also performed and the level of development of the country's timber industry established.

Ecuador has great potential for wood production, but exploitation is not rational. While there is extraction of forest resources, there is no true management of the natural forest, said Mansur.

Given this situation, Inefan launched Planfor (Plan To Encourage Forest Replanting) that intends to change this situation radically and to reforest an area of 600,000 hectares in the next 20 years.

In this way, the forestry industry would be placed on a self-sustaining basis, reversing the disappearance of forestry resources that is taking place in the countries of the world's tropical belt due to the extraction of timber, replacement of the forest for agricultural use, grazing, and human resettlement.

The plan maintains that the development level of the country's forest industry can be improved through training for 25,000 persons employed in the industry, the availability of credit for the improvement of small industry, the creation of poles of industry for cooperative marketing, and control over the use of power saws.

Mansur emphasized that Ecuador's forest resources, located primarily in Amazonia, need conservation and protection, as do the scarce forest resources on the coast, which are threatened.

The danger is especially evident in northern Esmeraldas, where exploitation is twice what it should be, about 1.7 million cubic meters per year, when it should be no more than .9 million cubic meters, to maintain the forest in a permanent condition of production.

In conclusion, the study presents three scenarios. The first is titled "Pessimist," in which the Planfor does not work, there are no forest replantings, and by the year 2013 Ecuador's forest resources are depleted so that no further exploitation is possible.

The second scenario is titled "Conservative" and assumes that Planfor is only carried out by one-third. In that case, the existence of replanted forests is guaranteed to the year 2013, with some surplus for export.

In the third scenario, titled "Desirable," two-thirds of the replanting called for by Planfor is accomplished, some 400,000 hectares in 20 years, which will permit the construction of a paper pulp and paper factory, important investments in the forest industry, and significant exports that would exceed a billion dollars annually in 20 years.

Which of these scenarios comes true depends on the entire Ecuadoran society, on the forest industry, the government, the peasants, and rural proprietors, who will be able to share in the country's forestry development, Mansur said.

He pointed out that wood is indispensable to mankind and, as it is a renewable resource, we can produce it, plant it, and harvest it, but this requires time, planning, and resources.

Paraguay

Postponement of Mercosur Timetable Viewed

PY1811150393 Asuncion ABC COLOR in Spanish 18 Nov 93 p 13

[Excerpt] Government sources close to the presidential circle reported yesterday that the postponement of the timetable for the implementation of the Common Market of the South [Mercosur] guidelines is almost certain as a result of the great differences between the four member countries on the establishment of a common import tariff, especially in the chapter referring to capital goods and the obvious lack of coordination of macroeconomic policies and the lack of harmonization of legislative codes.

Officials from the Asuncion Treaty's four nation signatories are preparing the official announcement on the Mercosur timetable's postponement, especially concerning the unification of customs duties common to third countries, the sources added. One of the first indicators of this postponement is the fact that the presidential summit scheduled for 22 December in Colonia (Uruguay) has been postponed and will not be held until the second half of January 1994.

The sources added that the much-announced meeting of Mercosur economy ministers scheduled for this 22 November already has been postponed, taking into account the different positions concerning the common import tariff and the failure of the latest vice ministers' meeting.

The same source said Paraguay and Uruguay will try proposing to Brazil and Argentina that the two "great" nations make the official announcement on the postponement of the timetable established for the full implementation of the treaty, scheduled for 1 January 1995. The governments feel that integration cannot be considered consolidated when there are disagreements on the unification of customs among the four countries, which is one of the essential conditions for any agreement en bloc.

The Asuncion Treaty establishes that all restrictions must be eliminated by 31 December 1994 within the framework of Mercosur. This, however, cannot be consolidated, taking into account that only 38 percent of the articles referring to the establishment of common import tariffs have been approved yet, which leaves a great deal to be done and is impossible to achieve by the deadline established by the agreement itself.

The difficulty in fulfilling the timetable becomes evident when we take into account the fact that the four countries' expert representatives must analyze and approve approximately 113,000 products to be included within the common import tariff. According to national experts, not only capital goods are encountering barriers but pharmaceutical and medicine products as well, in addition to data processing equipment. [passage omitted]

Peru

Executive Extends State of Emergency in Lima Department

PA1811220693 Lima Radio Programas del Peru Network in Spanish 1800 GMT 18 Nov 93

[From the "Newspaper of the Airwaves" newscast]

[Text] The executive, at the request of the Armed Forces joint command, has extended the state of emergency for 60 days in Lima Department and Callao Province. This state of emergency is also extended for the same period in the provinces of Yungay, Carahuasi, Huaraz, and [word indistinct], in Ancash Department, according to the two decrees published separately in EL PERUANO, the official newspaper; therefore, the constitutional guarantees regarding house searches, the right to assemble without weapons, and arrests—except under judges orders—continue to be suspended. Consequently, the Armed Forces will assume control of internal public order and continue with the counterrebel operations until total peace is achieved.

Acceptance of Fujimori Regime 'Important Step Forward'

PY1811214993 Lima EXPRESO in Spanish 10 Nov 93 p A2

[Editorial: "Fear of the Vacuum"]

[Text] The opposition and their spokesmen have been saying the results of the 31 October referendum on the new constitution have weakened President Alberto Fujimori. But no one is saying anymore that he should leave the post and go home. Least of all are they saying that he should leave the post to Maximo San Roman, the first vice president elected in 1990, who was elected president of the Republic last year by the Congress dissolved by the Executive Branch on 5 April 1992.

It is a very important change because it means people have accepted the new legal situation built up, little by little, with the election of the Constituent Congress, the following municipal election, and finally with the referendum of 10 days ago. Besides, this change means acceptance of the new constitution. Some people might say it is fragile—as Domingo Garcia Belaunde argues in today's issue of EXPRESO—but not that it is invalid or illegitimate.

The opposition is therefore admitting that the 1979 Constitution is no longer in effect, and that Articles 206 and 210, which ordered Fujimori's trial for closing Congress and his replacement by his legal successor, Maximo San Roman, are no longer valid.

It is an important step forward, because it implies that a return to 4 April 1992 is no longer possible, and because it closes the door to any restorative military coup such as the one headed by General Salinas Sedo and frustrated almost a year ago.

The fear of having a vacuum in government has thus ended up prevailing, even in opposition circles. No one, or very few, can imagine a ruler other than Alberto Fujimori at this time. The opposition even insists that he must remain in his post until the end of his mandate in 1995.

The "no" vote obtained excellent results—high and surprising—but it does not represent a structured and coherent force, and much less a viable governmental alternative. The single fact that those who sponsored the "no" vote are begging an independent such as Javier Perez de Cuellar to be their presidential candidate emphasizes their true weakness, as Patricio Ricketts has pointed out here.

This weakness derives from the composition of the front because the "no" front is made up of many bitterly opposing groups, such as Alan Garcia's followers and his accuser Fernando Olivera's followers, or individuals with opposing economic views such as Henry Pease (MDI) [Democratic Left Movement] and Alberto Massa (Libertad Movement).

There would be no way to fill the vacuum that would arise with the possible separation of Fujimori from power with them. The forces supporting the "no" vote are nearly as strong as those supporting the "yes," but they do not have the same consistency. We can only expect, then, that the president will end his mandate as scheduled, and with efficiency.

* New Housing Funds Law Passed After Heated Debate

94SM0078A Lima EL COMERCIO in Spanish 14 Oct 93 p 1

[Text] The Constituent Congress last night approved a bill changing the funding formula for FONAVI (National Housing Fund). The measure requires employers to pay the equivalent of 6 percent of their monthly payroll to FONAVI while it taxes workers at a rate of 3 percent of their paychecks.

The session turned into a loud and heated debate that ended when all but two members of the opposition staged a mass walkout. The measure won the approval of 41 pro-government lawmakers, exactly the number needed to pass the bill submitted by the Executive Branch.

As approved, the law requires independent workers to contribute 3 percent of their monthly earnings in the form of a tax.

It is up to the Economics Ministry to determine how much workers will be allowed to earn before being obliged to pay the tax.

Wage Hike Not Erased

One article of the FONAVI law abrogates Law 25981, which took effect at the start of this year and puts the burden of funding FONAVI on workers only. However, the final provision of the new measure states that raises granted after 1 January, 1993, will remain in workers' pay packets.

The law also says that until 31 December 1993, government agencies with employees on the public payroll will contribute to FONAVI under Law 497. This means FONAVI gets either 1 percent or 5 percent of each worker's pay provided the figure used for the base calculation does not exceed eight UIT [Tax Assessment Units].

Carlos Blanco Oropeza (NM-C.90) [New Majority-Change 90], who sits on the CCD's [Democratic Constituent Congress'] Economics Commission, upheld the motion to stop debate on two FONAVI bills, one from the Left Democratic Movement and the other from the Executive Branch.

The move shutting off debate came from Manuel Moreyra (SODE) [Solidarity and Democracy Movement] following speeches from such NM-C.90 lawmakers as Carmen Losada and Jorge Figueroa. Moreyra called for the suspension of deliberations pending preparation of an alternative proposal that Luis Bedoya de Vivanco would support, but the motion failed.

The rejection of this proposal by the governing majority led to disturbances on the floor and a minority walkout.

Judges on Hold

The legislative session also featured a raft of motions and bills with the ruling majority turning down a request from the Judiciary Tribunal of Honor. The judges had asked the Congress to approve five prospective supreme justices following their evaluation by the Tribunal.

As noted by Cesar Fernandez Arce (NM-C.90), head of the Justice Commission, this request has been before the Congress since July. Fernandez said he favored a motion by Carlos Ferrero in support of the confirmations.

However, the majority voted for an alternate proposal offered by Torres and Torres Lara and seconded by Martha Chavez. This measure said the lawmakers' decisions should await the results of the public selection process organized by the Tribunal in order to fill the 18 vacancies. This amounted to "ratification" of the public selection process which has come under fire from some quarters.

Venezuela

Ochoa, Ecuadoran Foreign Minister Issue Appeal to Haiti

PA1911042093 Paris AFP in Spanish 2137 GMT 18 Nov 93

[Text] Caracas, 18 Nov (AFP)—In a joint declaration signed in Caracas today, Venezuelan Foreign Minister Fernando Ochoa and Ecuadoran Foreign Minister Diego Paredes issued a strong appeal to the sectors hindering the reestablishment of democracy in Haiti to change their attitude.

Along with the appeal for the Haitian people's peace and security, the document expressed the Caracas and Quito governments' willingness to continue to support the UN and OAS efforts to obtain a satisfactory solution to the Haitian political crisis, in accordance with the Governor's Island agreement. The foreign ministers issued this call when they reaffirmed the Santiago Commitment to Democracy and the Renewal of the Inter-American System.

In other regional aspects, the joint Venezuelan-Ecuadoran declaration addressed the struggle against the production, traffic, and consumption of drugs and the laundering of money stemming from those activities. The declaration also condemned terrorism due to the threat it represents to democratic stability.

Navy General Command Confirms Support to Velasquez

PA1911063893 Caracas Venezolana de Television Network in Spanish 2350 GMT 18 Nov 93

[From "The News" newscast]

[Text] President of the Republic Ramon Jose Velasquez met today with representatives of the Navy General Command and ratified his firm determination for the Venezuelan elections to be fulfilled. On 16 November, Velasquez continued his dialogue with the members of the National Armed Forces to discuss the military's role in the elections, which will be held in December. This Thursday, it was the turn of the Navy General Command, headed by Vice Admiral Julian Mauco Quintana. As normal, the president accompanied the high-ranking officers to the doors of the presidential palace.

[Begin Velasquez recording] The Navy has always had a democratic spirit, its loyalty to the Republic, and its magnificent service for the defense of the national sovereignty.

This afternoon, as per my invitation, they came to discuss this situation. It is unnecessary for them, but they still came to ratify their institutional will for the defense of the democratic values and human dignity and their unchanging vocation for the defense of national sovereignty. [end recording]

[Begin recording] [Mauco] We have come to confirm our full, unconditional support for the president and to tell him we will stand by him until he turns over the Presidency of the Republic on 2 February.

[Unidentified reporter] What concern did you discuss?

[Mauco] We perceive, and have optimism about it, that we will have the elections in a calm atmosphere. [end recording]

On this same topic, Velasquez announced today that all the candidates to the Presidency of the nation have confirmed their attendance to the ceremony for the reaffirmation of democracy to be held at Miraflores Palace on 23 November.

Poll Reveals Alvarez Paz Lead in Support From Electorate

PA1811223193 Caracas EL UNIVERSAL in Spanish 16 Nov 93 pp 1-1, 1-20

[Text] A poll conducted by FMS Opinion Research Consultants with 2,500 respondents in the country's 10 largest cities during October reveals that Oswaldo Alvarez Paz leads in support from the electorate with four points above Rafael Caldera.

The candidates are: for Democratic Action, Claudio Fermin; for National Convergence and Movement Toward Socialism, Rafael Caldera; for Radical Cause Party, Andres Velasquez.

The question posed was, if the elections were held today, for which of the following candidates would you vote? Claudio Fermin, Rafael Caldera, Oswaldo Alvarez Paz, or Andres Velasquez?

A chart is included that indicates the respondents' age, sex, and social class and their rating of the candidates. Fermin received a rating of 13; Caldera, 26; Alvarez Paz, 30; and Velasquez, 13.

Guyana

Guyanese President Rules Out Allowing U.S. Military Base

PY1811224793 Madrid EFE in Spanish 1958 GMT 18 Nov 93

[Text] Brasilia, 18 Nov (EFE)—Guyanese President Cheddi Jagan said today in Brasilia that his country will not permit the installation of a U.S. military base in its territory, despite the fact that troops from the two countries are carrying out joint military maneuvers.

"The United States has never asked us permission to install bases in our territory. We are not going to permit the installation of foreign military bases in Guyana," Jagan told journalists during the last day of his two-day official visit to Brasilia.

Jagan promised to inform Brazilian and Venezuelan authorities about Guyana's joint military exercises with other countries, such as those carried out with the United States and Great Britain earlier this year.

The visiting president expressed his opposition to an eventual foreign military presence in the Amazon basin, which is shared by Colombia, Brazil, Venezuela, Bolivia, Peru, Ecuador, Guyana, and Suriname. These countries are signatory members of the Amazon Region Cooperation Treaty.

Jagan said that Venezuela has not vetoed Guyana's participation in South American integration mechanisms. Venezuela has maintained an historical claim over parts of Guyana's territory.

"We do not have a conflict with Venezuela; we have a controversy," Jagan said.

Jagan proposed the development of an overall strategy to "alleviate" developing countries' foreign debt burdens through changes in contracts between debtors and creditors.

The international conditions are appropriate for promoting a foreign debt reduction proposal, Jagan said, adding that a draft resolution on the issue had been presented by the Group of 77 (developing countries) at the UN General Assembly.

Guyana currently presides over the UN General Assembly, and has a foreign debt of $2 billion.

Jagan met in Brasilia with Brazilian President Itamar Franco, Supreme Court Chairman Octavio Gallotti, Chamber of Deputies President Inocencio de Oliveira, and Senate President Humberto Lucena. During his meetings Jagan discussed bilateral and regional proposals to strengthen cooperation.